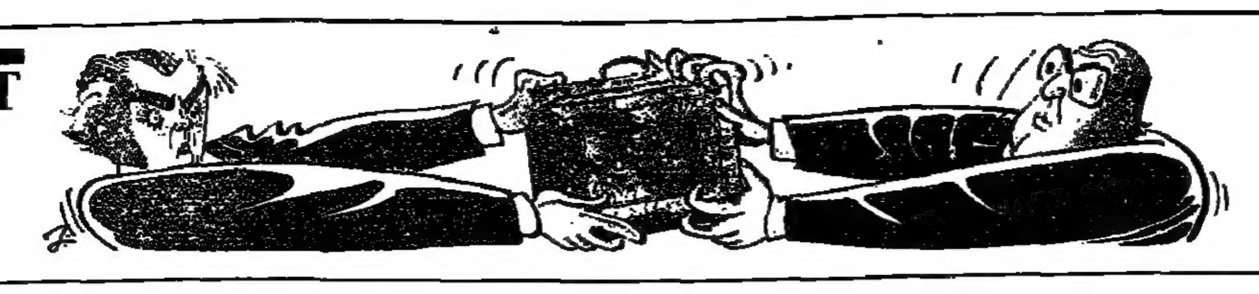

The Budget and the ballot
A six-page guide for savers and investors on the opportunities for gain and the chances of change after the election. Pages II-VII.

A religion of racism
Patti Waldmeir on what makes Afrikaners certain that blacks are inferior. Page I

Heaven? It's diabolical
The Dean of Salisbury explains the absurdity of visions of eternal life. Page XXIV.

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

Newspaper of the Year | Weekend March 14/March 15 1992 | D 8523A

■ Today: In a four-page guide, Joe Rogaly, Philip Stephens, Barry Riley, David Butler and Ivo Dawnay set the scene for the closest contest since 1974. **Pages 3-6**

Election 1992

■ Monday: FT-Mori poll of business leaders asks: Is business solidly behind the Tories?

WORLD NEWS

Law of profit threatens to close Pravda in 80th year

Today's issue of Pravda, the most famous communist newspaper in the world, may be its last. It has run out of money, and is several million roubles in debt. Its publisher, Pravda Publishing House – has given it a final warning that if it cannot pay up it will be closed.

After nearly 80 years of propaganda, lies, distortion, calumny and invention, Pravda has fallen foul of what it was founded to destroy – the iron law of profit. Page 26

Zulu leader signs pact

A senior leader of South Africa's Zulu Inkatha party signed an agreement with leaders of rightwing parties, in an effort to persuade whites to vote No in next week's referendum on whether the government should continue negotiations to end apartheid. Story and Lex, Page 26; White South Africa's last trek, Weekend, Page I

Warning on federalism

Senior German officials warned that the federalist demands of the German states would prevent the country negotiating as a single unit within the European Community, and endanger its budget discipline. Page 2

Conflict 'escalating'

Fighters from Armenia and Azerbaijan are attacking towns in each other's territory, in what appears to be escalating into war between the two republics, according to Lt-Gen Boris Pyankov, deputy head of the armed forces of the Commonwealth of Independent States. Page 2

Delay on EC social policy

European Community ambitions to design a social policy giving workers a stake in the single market and monetary union were put on hold until after the British general election. Page 2

Two killed in Moldova

Two people have been killed in the former Soviet republic of Moldova in shooting between ethnic Romanians and Russian separatists.

Bush drops car controls

President George Bush took his re-election campaign to the car-making state of Michigan by announcing that his administration was dropping controversial plans to impose new anti-pollution controls on cars. Page 3

Israel attacks US

Senior Israeli officials, stung by allegations that Israel may have sold Patriot missile technology to China, bitterly accused the administration of President George Bush of leaking to the press what they said was a false report. Page 2

FT No. 31,709

BUSINESS SUMMARY

Lonrho shares fall in spite of £45m press group sale

Lonrho shares slipped 19p to 95p, their lowest level since 1985, in spite of the international conglomerate's sale of its Scottish and Universal Newspapers to Trinity International Holdings for £45m.

Although the sale will help cut the group's debts of £1bn, the market was disappointed the disposal did not include George Outram, publisher of the Glasgow Herald and Evening Times. Sale of all Lonrho's newspaper titles would raise £200m. Page 12; Lex, Page 26

LEX SERVICE, motor group, reported a sharp fall in pre-tax profits, from £9.1m to £500,000, and announced the early ending of its exclusive import agreement with Volvo, the mainstay of its profits. Page 26 and Lex; Results, Page 12

LORD SPENS, former corporate finance managing director at Henry Ansbacher, the merchant bank, was refused a formal not guilty verdict in the recent Guinness trial. Page 26

WESTERN GERMAN gross national product grew just 0.6 per cent in the last three months of 1991, its weakest quarterly performance since mid-1987. Page 2

JAPAN'S budget, which includes plans to boost the economy through increased public works spending, was approved by the lower house of the Diet. Page 2

US PRODUCER prices rose 0.2 per cent last month and by only 0.4 per cent in the year to February, allaying fears that inflation might rise as the economy recovers. Page 2

BURLINGTON International, footwear maker, called in administrative receivers after amassing unsustainable levels of debt, estimated at £10m. Some 1,200 jobs could be at risk. Page 9

GAMING BOARD and the police are seeking the cancellation of gaming licences held by London Clubs, calling the company "not fit and proper" to manage casinos. Page 9

PORSCHE, German sports car maker beset by management controversy, saw first half pre-tax profits drop from DM65m to DM2m (£700,000). Page 14

NM ROTHSCHILD, merchant bank, is expected to be appointed next week as adviser on the sale of Mirror Group Newspapers, the first indication that preparations for the sale are under way. Page 12

BOVIS, construction arm of P&O, the shipping and property group, has won the contract to manage construction works for the 1996 Olympics in Atlanta, Georgia. Page 2

HOMESTAKE MINING of San Francisco is to merge with Canada's International Corona to create one of the biggest gold producers outside South Africa. Page 14

Tories ready to retaliate with promise to cut taxes and inflation

Kinnock sets out election message

By Ivo Dawnay, Alison Smith and Ralph Atkins

MR NEIL KINNOCK set out his central election message yesterday when he contrasted an exhausted Tory government, bereft of vision, with a Labour administration pledged to "invest, invest, invest."

In a fiery speech in Edinburgh to Scottish party members, the Labour leader said his government would "take the lead" with a programme of economic measures to bring Britain out of recession and free the country of the fear of unemployment.

Quoting his hero, Aneurin Bevan, a leading Labour politician of the 1940s and 1950s, he said debts, unemployment and a "fear of the future" had halted consumer spending, investment and undermined Britain's confidence.

Mr John Major will counter-attack today in an address to the Conservative central council in Torquay stressing his commitment to lower taxes and inflation. He will tackle head-on the opposition's insistence on the need for a change after 13 years of the Tories.

"The Labour party want to change Britain. There would be change all right – short change, for pensioners as savings shrank, for home owners as interest rates soar," Mr Major will say.

The first skirmishes of the election coincided with two opinion polls today giving Labour a lead of just one percentage point. Party strategists are braced for the six opinion polls to be published tomorrow, already dubbed "Super Sunday" at Westminster.

Mr Paddy Ashdown, the Liberal Democrat leader, began his intense election programme yesterday with flying visits to London, Wales and Scotland. He urged his opponents to abandon negative campaigning and debate problems which Britain must address by the end of the century.

At Westminster, MPs rushed through all the stages of a heavily truncated Finance Bill in preparation for the dissolution of Parliament on Monday.

In his Edinburgh speech, Mr Kinnock combined a personal attack on Mr Major with an attempt to increase the pressure for a televised debate between the two leaders. He ridiculed the prime minister for hesitating over the election and added: "It seems he is certain about only one thing: he is definitely not willing to face me in a television debate."

Labour strategists claimed the Tories were in "a shambles" over TV debates during the campaign. Mr Norman Lamont, the chancellor, Mr Douglas Hurd, foreign secretary, and Mr Michael Heseltine, environment secretary, have agreed to a head-to-head with their Labour shadows.

But Tories argue a debate between the two party leaders would be in a different league.

Mr Kinnock launched a two-pronged attack on the Tories and the Scottish Nationalist party in words carefully phrased to head-off the surge in support for independence and to promote Labour's plan for a Scottish parliament.

Labour's programme would centre on time-limited tax incentives for industry, training projects and capital works for the National Health Service, schools and housing.

Mr Major will also address the constitutional future of Scotland today. He will set out his view of what devolution might entail – not institutional change or added tiers of government, but of passing power directly to people by enabling them to take more decisions about their lives.

The Gallup poll for the Daily Telegraph shows Labour down half a percentage point from last week at 38 per cent, the Tories on 37 (down 1½ points) and the Liberal Democrats on 20. The Harris poll for the Daily Express puts Labour on 40, the Tories on 39 and the Liberal Democrats on 16.

■ Election guide Pages 3-6
■ Tories target experience in attack on Labour
■ Kinnock would focus cash on NHS, education
■ Ashdown sets hectic pace Page 8
■ Polls that move markets Page 11

One point ahead: Neil Kinnock launches the Labour campaign in Edinburgh yesterday

Markets decline further on fears of Tory defeat

By Peter Marsh, Economics Staff

A FRESH wave of pre-election jitters affected the London financial markets yesterday, as investors began to face up to the possibility of Labour forming the next UK government.

Shares, sterling and government gilt-edged securities all continued their losses of earlier in the week, amid rumours that a batch of opinion polls at the weekend would show ebbing support for the Conservatives.

The FT-SE 100 index of leading shares closed at 2,476.0, down 17.3, to show a fall of nearly 100 points over the past three days, while the pound dipped half a pfennig to DM2.855 and gilts lost ½ point for a decline of 1½ points on the week.

The bleak mood in the City was partly in response to Tuesday's Budget statement by Mr Norman Lamont, the chancellor of the exchequer, which many judged had done little to help the Tories' chances in the April 9 general election.

With the possibility of an early cut in interest rates receding by the hour, the subdued mood of investors was deepened by the prospect of economic data due next week which are likely to indicate that Britain is still stuck firmly in recession. There is particular anxiety about unemployment data due on Thursday, which are expected to show a further 35,000 job losses last month.

Many in the City believe that fresh publicity about poor economic prospects could increase the likelihood of a Labour victory. Some investors are alarmed by such an outcome because of theories that Labour might push up public borrowing still more and jeopardise confidence in sterling.

Mr John Shepperd, an economist at S. G. Warburg Securities, the London investment house, said: "A flat economy, an unexciting Budget and a lag in opinion polls – it hardly adds up to a good start for the Tories in the campaign."

Currency investors switched funds out of sterling, which over the week shed nearly 1½ pfennigs against the D-Mark. Against the dollar, the pound dropped just over half a cent over the week, closing last night in London at $1.7125.

On the London money market, many believe sterling's weakness may soon require the government to raise rates, rather than cut them from their present 10.5 per cent. The three-month interbank rate, which shadows base rates, was last night quoted at about 10$\frac{11}{16}$ per cent, a rise of $\frac{1}{16}$ of a percentage point on the day and ⅛ of a point on the week.

Currencies............Page 15
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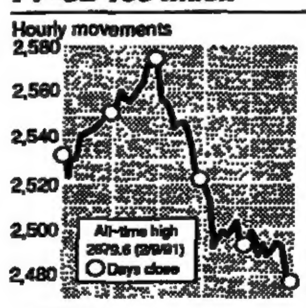
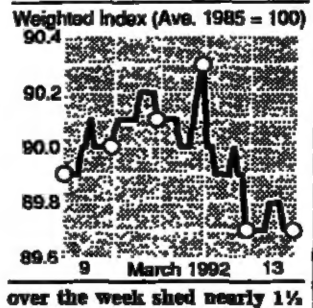
FT-SE 100 Index



Sterling



Britain's superchip factory faces closure

By Michiyo Nakamoto

INMOS, the semiconductor company which invented the transputer microprocessor – the "computer on a chip" – plans to close its fabrication plant in Newport, South Wales, unless it receives government aid.

The move by Inmos, now owned by SGS-Thomson, the French-Italian semiconductor manufacturer, may end a controversial and often politically charged chapter in the history of the UK semiconductor industry.

Closure would mean the end of UK manufacture of the transputer, which is one of the few successful semiconductor inventions to come out of Britain and one that had been hailed as a key to regaining British leadership in the computer industry.

The plant's planned closure in 12 to 18 months, after prolonged speculation concerning its future, is also likely to rekindle debate about UK industrial policy and its failure to keep strategic technologies in UK ownership.

Mr Gordon Brown, Labour's trade and industry spokesman, said the closure of the plant would mean "yet more high technology redundancies and yet another British invention lost to British manufacturing for good".

Inmos said, however, that because of the response in the UK to its decision, it would now make a formal application for aid to the Welsh Office.

It said it had not applied before because several months of discussion had led it to believe that aid was unlikely to be forthcoming.

The result of its application could alter the decision to close the plant, Inmos said.

Inmos was set up by the Labour government in 1978 in an effort to win a leadership position for Britain in micro-electronics. The government invested huge sums in the company to enable it to develop the transputer, a semi-

Continued on Page 26

MARKETS

STERLING
New York lunchtime: $1.71
London: $1.7125 (1.7085)
DM2.855 (2.86)
FFr9.6875 (9.705)
SFr2.58 (2.5875)
Y228.75 (229.25)
£ Index 88.7 (same)

GOLD
New York Comex Apr $347.3 (348.0)
London: $347.0 (347.7)

N SEA OIL (Argus)
Brent 15-day Apr $17.875 (17.475)

Chief price changes yesterday: Page 26

DOLLAR
New York lunchtime:
DM1.668
FFr5.655
SFr1.508
Y133.55
London:
DM1.6665 (1.6735)
FFr5.6575 (5.66)
SFr1.507 (1.5145)
Y133.55 (134.2)
$ Index 65.4 (65.7)
Tokyo close: Y133.55

US LUNCHTIME RATES
Fed Funds: 3¾%
3-mo Treasury Bills: 4.13%
Long Bond: 99$\frac{3}{16}$
yield: 8.085%

STOCK INDICES
FT-SE 100: Yield 4.99
2,476.0 (−17.3)
FT-A All-Share: 1,192.12 (−0.6%)
FT-SE Eurotrack 100: 1,154.40 (+4.41)
New York lunchtime:
DJ Ind. Av. 3,224.96 (+16.33)
S&P Comp 404.96 (+1.07)
Tokyo: Nikkei 20,456.06 (−105.82)

LONDON MONEY
3-month interbank: 10⅞% (10$\frac{11}{16}$%)
Liffe long gilt future: Jun 94½ (Jun 94$\frac{31}{32}$)

CONTENTS

UK Stock Market Report 0891 123001; FOREX 0891 123003; Bullion 0891 123005; UK Company News 0891 123002. Calls charged at 36p/minute cheap rate, 48p/minute at all other times. To obtain a free Cityline Share or Unit Trust directory, ring (071)-925-2128.

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Armenian-Azeri dispute 'a war', says CIS chief

By John Lloyd in Moscow and Michael Littlejohns in New York

FIGHTERS from Armenia and Azerbaijan are attacking towns in each others' territory, in what appears to be escalating into war between the two republics, according to Lt-Gen Boris Pyankov, deputy head of the armed forces of the Commonwealth of Independent States (CIS).

However, Gen Pyankov's assessment of the conflict over the disputed enclave of Nagorno-Karabakh appeared to be at odds with a claim from Turkish Prime Minister Suleyman Demirel, in Ankara yesterday, that the two sides had achieved a ceasefire.

According to a military commander in Agdam, speaking earlier yesterday, an Azerbaijani official had left Agdam for talks with the Armenian authorities within Karabakh.

In the first direct move by the United Nations, Secretary-General Boutros Boutros Ghali said yesterday he was sending Mr Cyrus Vance to the area on a fact-finding mission.

In a message to Mr Jiri Dienstbier, Czechoslovak foreign minister and president of the Conference on Security and Co-operation in Europe, Mr Boutros Ghali said the situation called for concerted efforts for a peaceful solution.

He also sent messages to the Armenian and Azerbaijani leaders calling for "maximum restraint". Mr Vance is to visit Nagorno-Karabakh, Yerevan, the capital of Armenia, and Baku, the Azerbaijani capital.

In the other main conflict in the former Soviet Union, a ceasefire established in the republic of Moldova between Moldovans and ethnic Russians broke down yesterday and two people were killed.

In the Russian parliament yesterday, Gen Pyankov said that "fighting has gone beyond the borders of Nagorno-Karabakh, and is going on in the region of Agdam, which is being stormed by Armenian militants". Agdam is several kilometres inside Azerbaijan, near the Karabakh border. Azeri forces were also pushing over the border of Armenia in the Kazakh region.

Russia and Ukraine buried their differences on repaying the Soviet Union's foreign debt in a political breakthrough for the Commonwealth of Independent States yesterday, Reuter reports from Moscow. Commonwealth premiers reached a series of economic accords including one to take joint responsibility for the $60bn-$70bn Soviet debt – clearing the way for new western credits. Russian first deputy prime minister Yegor Gaidar told reporters: "I think it is the start of a movement towards towards common sense."

He said CIS army families were "in effect" being held hostage in the two republics, with 27 of the former 67 CIS posts on the border between the two countries still not evacuated, because of attacks by militants.

In the past two months, CIS forces in Transcaucasia had sustained 112 attacks and 11 deaths: 87 in Azerbaijan, 13 in Georgia and 12 in Armenia. The CIS garrisons could not retaliate against attacks, he said, because they did not possess sufficient strength, but local people, who saw the posts as a form of security, were refusing to allow them to leave.

The Ministry of Defence said yesterday an order had been given to evacuate the posts. Gen Pyankov called for CIS military in the area, under the command of the Transcaucasian military district in neighbouring Georgia, to be put under Russian jurisdiction, prior to being pulled out.

He said 103 men of Armenian descent, who had belonged to the 366 regiment which was pulling out of Karabakh, had opted to stay to fight.

Earlier yesterday, Reuters agency reported people streaming away from Agdam as rumours of an Armenian attack mounted and as it came under extensive rocket attack. Mr Gyunduzh Akhundov, the mayor of Agdam, said that ten rockets had fallen overnight, killing three people.

W German slowdown hits confidence

By Christopher Parkes in Bonn

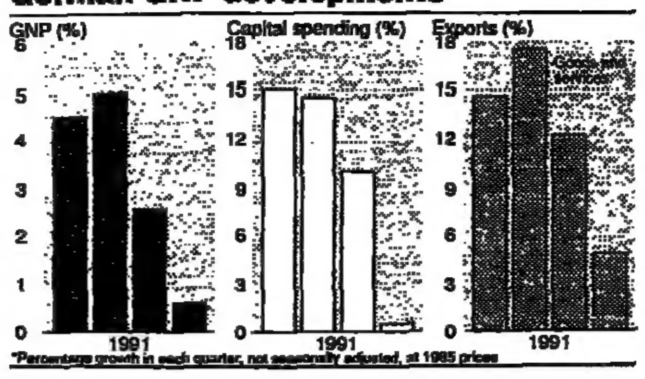
THE WEST German economy put in its weakest quarterly performance since mid-1987 in the closing three months of 1991, the federal statistics office said yesterday. Business confidence is suffering as a result and growth in capital spending has slowed dramatically.

Gross national product grew only 0.6 per cent in 1985 prices compared with the last quarter of 1990, the office said. After seasonal adjustments this translates into a 0.5 per cent fall the third quarterly decline in succession.

Spending on plant and equipment rose only 0.5 per cent, in sharp contrast to double-digit increases recorded in the first three quarters, when capital spending rose by a quarterly average of 13 per cent.

Growth in exports and imports of goods and services also decelerated sharply in the period under review and private consumption, in 1985 prices, rose only 1 per cent.

German GNP developments*



*Percentage growth in each quarter, not seasonally adjusted, at 1985 prices

The slowdown in internal economic development was highlighted by the second consecutive quarterly fall in gross domestic product, the measure which excludes income from abroad. Seasonally adjusted growth fell quarter-on-quarter throughout last year.

Aggregate growth in GDP for the year was 3.4 per cent, compared with 3.1 per cent (adjusted from the 3.2 per cent reported last month) for GNP.

Mr Jürgen Möllemann, economics minister, said the figures should remind trade unions and employers that excessive wage deals could threaten the economic upswing expected later this year.

The IfW economic institute attached to Kiel University, said earlier this week that it did not now foresee recovery before 1993, and calculated that overall GNP growth this year would be only 1 per cent.

Although the steady decline in growth rates and business activity technically indicates a recession, output and employment are still at historically high levels.

As the statistics office noted, the number of people employed in west Germany at the end of last year was 563,000 higher in the last quarter of 1990, and numbers registered as unemployed were down 84,000.

Plant capacity utilisation, including use of extensive new equipment installed since unification in October 1990, still stood at 87 per cent in December. Levels of below 80 per cent have been a characteristic of past German recessions.

● The Bundesbank reported a marked fall in German overseas investment in January. Direct investment fell from DM5.9bn (£2bn) in December to DM1.3bn (£455m).

Strong overseas interest in German government bonds, meanwhile, helped attract DM14.1bn of long-term foreign funds compared with DM5.8bn a month earlier. The country's overall current account deficit widened during the month from DM1.7bn to DM6.4bn.

The Russian government has agreed to provide counter-guarantees for German exports, clearing the way for export contracts blocked since the collapse of the former Soviet Union, the German Economics Ministry said yesterday, writes Quentin Peel from Bonn. Hermes, the German export credit insurance agency, will now provide export cover up to the annual ceiling of DM5bn (£1.7bn) already agreed by Bonn, in an effort to control its trade exposure to the former Soviet republics.

Bonn sees danger to unity in states' demands

By Quentin Peel in Bonn

SENIOR German officials warned yesterday that the federalist demands of the German states would prevent the country negotiating as a single unit within the European Community and endanger its budget discipline.

As leaders of the 16 states spelt out their determination to play a direct part in future budget negotiations in Brussels, they were warned that their actions could undermine EC stability.

Mr Horst Köhler, state secretary in the German Finance Ministry and Chancellor Helmut Kohl's principal negotiator on European monetary union (Emu), expressed confidence that ratification of the Maastricht treaty on both political and monetary union was not in danger. He also warned that the whole debate in Germany over Emu was simplistic and insulting to the importance of the issue.

Another official said the logical consequence of the German states' demands for constitutional changes to reinforce their role in EC decision-making would be to reduce Germany "from a federal republic to a confederation".

Mr Köhler summoned a briefing at the Finance Ministry to spell out concern at the state of the European debate in Germany. Politicians, media commentators and state members of the board of the Bundesbank have voiced fears over introduction of a single European currency, and a common central bank, under European union.

"I am concerned both about the manner, and the circumstances, of the debate in Germany, because it makes it clear that German self-confidence has still not got very far," he said. "Who would dare to underestimate the meaning of the stability of the D-Mark? It is the absolute essence of our political and economic meaning, of our self-confidence. The debate must not be reduced to the level of saying: 'They are endangering our D-Mark and therefore they are traitors to the Fatherland.'"

He rounded on the German states, which want a substantial reinforcement of their control over the central government in return for ratification of the Maastricht treaty. "They are mixing up their justified desire to preserve their own identities, with a fear that they face declining living standards, and with a misunderstanding of the nature of federalism," he said.

Strike halts flights to Italy

THE bulk of flights in and out of Italy were yesterday cancelled as a result of an air controllers' strike and further substantial disruptions are expected over the next four days affecting some 80,000 passengers, writes Robert Graham in Rome.

Yesterday Alitalia said that only eight out of 90 national flights and a further eight out of 110 international flights were able to operate because of the air controllers' strike which lasted from 0900 to 1400. Foreign carriers operating to and from Italy were also badly affected.

Irish bank staff suspended

Over 600 bank staff in Ireland have been suspended from duty since Thursday, as Allied Irish Bank retaliated against employees who have stopped processing bank charges.

Last Monday, the Irish Bank Officers' Association instructed its 13,000 members to stop processing charges to customers, as part of a stepped-up campaign of industrial action in support of a 6.5 per cent pay demand, writes Tim Coone in Dublin.

Romania starts cautious reform

Romania took a cautious steps towards a market-led economy with the publication yesterday of a plan for the restructuring of industry, writes Virginia Marsh in Bucharest.

Announcing the plan, Mr Theodor Stolojan, the prime minister, stressed that state-owned enterprises, which accounted for nearly 80 per cent of gross domestic product in 1991, could no longer expect subsidies. "In the future we will give advice and support but not money," he said.

Greece bans pay rise for public sector

The Greek parliament yesterday passed a law banning pay increases this year for more than 500,000 public sector workers amid growing concern over the rising public deficit, writes Kerin Hope in Athens.

The measure provoked a round of strikes by workers in banks and public utilities who received increases averaging more than 17 per cent last year, compared to the official ceiling of 6.2 per cent.

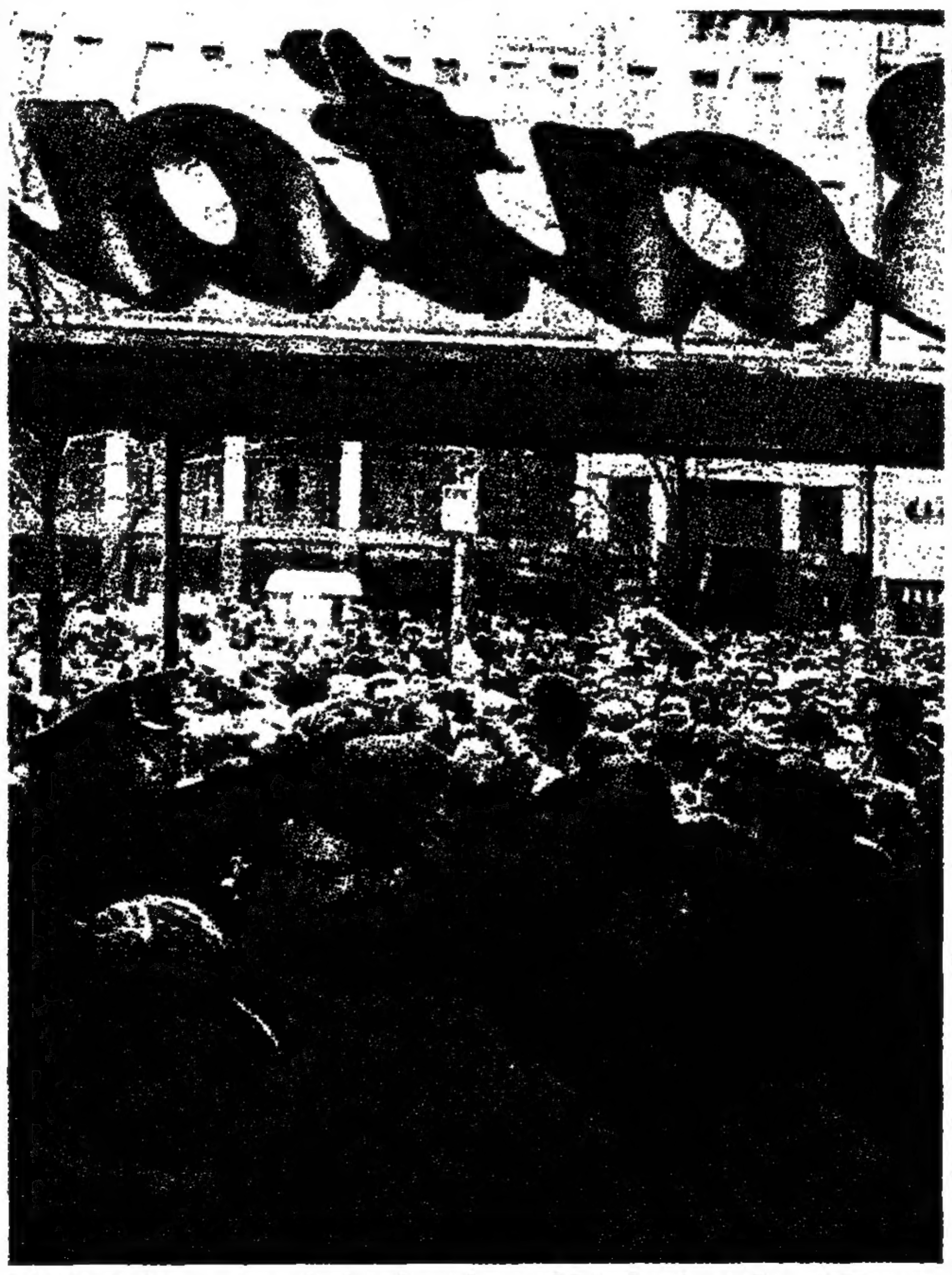
Siemens and AT&T in Malaysian row

Two of the world's telecommunications giants, Siemens and AT&T, have become embroiled in an argument with the Malaysian authorities over the awarding of a M$2bn (£455m) telecommunications contract, writes Kieran Cooke, recently in Kuala Lumpur.

Malaysia recently announced that five companies – Ericsson of Sweden, NEC and Fujitsu of Japan, France's Alcatel and Nokia of Finland – would supply equipment designed to double Malaysia's telecommunications facilities over the next five years. Siemens and AT&T have written to Dr Mahathir Mohamed, the prime minister, requesting a retendering process.

Burma refugees worry Bangladesh

Mrs Khaleda Zia, prime minister of Bangladesh, goes to the US next week for discussions with President Bush and Mr Boutros Boutros Ghali, the UN secretary general, on the influx of Moslem refugees from neighbouring Burma and violations of human rights by the military government in Rangoon, writes Reazuddin Ahmed in Dhaka. Bangladesh is seeking UN Security Council intervention to resolve the problem.



Police try to stem crowds pouring into the newly opened Bata shoe store in Prague's Wenceslas Square yesterday. Tomas Bata received back his building seized after the second world war.

Japan's MPs pass budget after delay caused by scandals

By Stefan Wagstyl in Tokyo

THE lower house of the Japanese Diet yesterday approved a Y72,218bn (£318bn) budget for the year starting on April 1, after weeks of delay caused by the recent spate of political scandals.

The budget is expected to pass smoothly through the upper house. Even if objections are raised there, the bill will automatically become law in 30 days, under the Japanese constitution.

The budget includes plans to boost the economy mildly through increased public works spending, funded by a modest increase in public borrowing. The Finance Ministry is also encouraging government agencies to start projects as early in the new financial year as possible in order to give a fillip to the economy.

The ministry resisted industrialists' demands for a bigger increase in public works spending to compensate for an expected decline in corporate investment.

But with the economy continuing to weaken, there are growing demands in the ruling Liberal Democratic party for a supplementary budget later in the financial year. The ministry, which opposes increases in public borrowing, has so far resisted such demands. But it will come under renewed pressure as soon as the main budget become law early next month. Those LDP leaders who favour increased public spending would like to see work on a supplementary budget to be well in hand before elections to the Diet's upper house in July.

Japan's Fair Trade Commission will submit a bill to parliament raising the maximum fine for monopolistic practices 20-fold to Y100m (£440,500), a commission spokesman said. The ruling Liberal Democratic party negotiated with the anti-trust watchdog to lower the ceiling and approved the bill on Thursday night. Washington has been pressing Tokyo to impose higher criminal penalties on price cartels and other monopolistic practices which it says act as trade barriers.

A corporation found controlling a market by bid-rigging and price manipulation faces a maximum fine of Y5m. The US imposes criminal penalties of up to $10m.

Yesterday's lower house vote followed an agreement late on Thursday between leaders of the LDP and opposition parties. The opposition agreed to drop demands for immediate cuts in defence spending and for tax cuts for part-time workers. In return, the LDP pledged to consider the opposition proposals in future budget planning. Defence spending is already under review in the light of the easing of international tensions which has followed the end of the Cold War.

● Japanese wholesale prices fell 1.6 per cent in February from the same month last year due to declining oil prices and weakening economic activity. Domestic wholesale prices dropped 0.6 per cent.

US producer price trend calms Wall Street fears

By Michael Prowse in Washington

FEARS ON Wall Street that US inflation might rise if the economy recovers were reduced yesterday by another encouraging report on price trends.

The Labour Department said the producer price index for finished goods rose 0.2 per cent last month and only 0.4 per cent in the year to February. Financial markets had expected a monthly increase of 0.3 per cent. The better-than-expected report calmed nerves in bond markets, which saw sharp price falls on Thursday following news of a surge in retail sales in recent months.

Separate figures from the Commerce Department showed a 0.4 per cent drop in business inventories between December and January. Given the strong rise in retail sales, much of this fall was probably involuntary. Many analysts expect companies to begin rebuilding inventories, giving output a modest boost this spring.

The most encouraging figure was a 0.1 per cent increase in the "core" producer price index - which excludes the volatile food and energy components. This was the smallest gain since last July and reduced the annual rate of core producer price inflation to 2.4 per cent.

Inflation for goods at an earlier stage of production remains subdued. In the year to February the indices for crude goods and intermediate goods fell by 6.7 per cent and 0.7 per cent, suggesting further moderation of finished goods prices in coming months.

World stock markets, Page 23

Bush abandons plans for car pollution curbs

By George Graham in Washington

PRESIDENT George Bush yesterday took his re-election campaign to the car-making state of Michigan by announcing that his administration was dropping controversial plans to impose new anti-pollution controls on cars.

The administration has decided to abandon a proposed rule which would have required carmakers to fit special canisters designed to catch petrol vapours that escape during refueling – a requirement that would have substantially increased costs.

Instead, the Environmental Protection Agency plans to require the installation of vapour traps directly on petrol pumps.

President Bush was due to announce the move yesterday during a campaign trip to Detroit. He was also expected to promise to resist congressional pressure for the imposition of tighter fuel efficiency standards on new cars.

Michigan is due to vote in a presidential primary on Tuesday, along with the neighbouring state of Illinois. The state numbers many car workers among its voters, and it has been shaken by the massive job cuts recently announced by General Motors.

The Bush campaign was also considering running a television advertisement attacking Mr Patrick Buchanan, the president's right wing challenger, for owning a German-built *Mercedes* car – in contradiction of the protectionist rhetoric Mr Buchanan has used to criticise Mr Bush.

Israel charges US with false arms leak

By Hugh Carnegy in Jerusalem

SENIOR Israeli officials, stung by allegations that Israel may have sold Patriot missile technology to China, yesterday bitterly accused the administration of President George Bush of deliberately leaking to the press what they said was a false report.

The issue, made public just as Mr Moshe Arens, the defence minister arrived in the US for a visit, has focused attention on Israel's well-established clandestine international arms links, including to China and South Africa.

It was a further blow to a US-Israeli relationship already badly dented by Israel's struggle to persuade a reluctant Washington to grant at least some of its request for $10bn in US loan guarantees to aid Jewish immigration from the former Soviet Union.

Mr Eliyahu Ben Elissar, chairman of the Knesset foreign affairs and defence committee and a senior Likud party MP, said the Bush administration was trying to "sully" Israel. "It is not the first time the administration uses the press as a convenient opportunity, usually when we have an important visit like the defence minister or when the administration is trying to pressure us with slander," he told Israel television.

Mr Arens, who is to see Mr Dick Cheney, the US defence secretary on Monday, took care to exclude President Bush, Mr James Baker, the secretary of state, and Mr Cheney, from his remarks. But he said "somebody out there is trying to muddy the waters". He said the administration should have approached Israel privately before going public.

The Washington Times newspaper, quoting an unnamed senior US official, reported on Thursday that the administration was investigating US intelligence reports that suggested Israel may have sold a Patriot missile or part of its technology to China.

The European Commission yesterday pressed China to curb the Community's growing deficit with Beijing, writes David Buchan in Brussels. In the first visit of a top Chinese leader to Brussels since the 1989 massacre of students in Tiananmen Square, Mr Qian Qichen, the foreign minister, was also reminded by Mr Jacques Delors, the Commission president, of the need for political reform in China.

Bovis to manage Olympics construction

By Andrew Taylor in London and George Graham in Washington

BOVIS, the construction arm of Peninsular & Oriental Steam Navigation (P&O), the British shipping and property group, has won the contract to manage the main construction works for 1996 Olympic Games in Atlanta, Georgia.

The contract, thought to be worth between $700m and $1bn is to provide sports facilities and accommodation, transport, communications and other infrastructure.

A spokesman for the Atlanta Committee for the Olympic Games said that McDevitt and Street, an Atlanta-based subsidiary of Bovis, had been selected as lead contractor for the construction programme, but the detail of the contract was still under negotiation.

It is the latest in a string of large contracts for Bovis which managed the construction contract for the first phase of the Euro Disney theme park near Paris and has recently won a $700m contract to manage the second phase. It also managed construction of the Canary Wharf tower, Europe's second tallest building, for Olympia & York in London's former docklands.

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EC ministers put social policy on hold until after UK poll

By David Gardner in Alvor, Portugal

EUROPEAN Community ambitions to design a social policy giving workers a stake in the single market and monetary union were put on hold yesterday until after the British general election.

But it became clear that one of the main labour market measures the UK hoped to impede through exclusion from the Maastricht European union treaty would go ahead whatever the outcome of the election.

All sides appeared to recognise that a form of collective bargaining at Community level was certain to be established whether or not the social protocol, which Britain's 11 partners agreed at Maastricht, is activated. Employment and social affairs ministers were holding their first discussion of the implications of Maastricht at an informal meeting in Portugal.

The protocol envisages voluntary agreements between EC federations of unions and employers as a self-regulatory substitute for Brussels putting forward laws for approval by member states. The bolder social provisions of the protocol will not start operating until next year, after the treaty is ratified. But already, European capital and labour have started enacting proposals blocked by the UK under existing EC social provisions.

Last month, for instance, Volkswagen moved ahead of stalled Commission plans to introduce worker consultation in large cross-border companies and agreed with its unions to set up a Europe-wide works council.

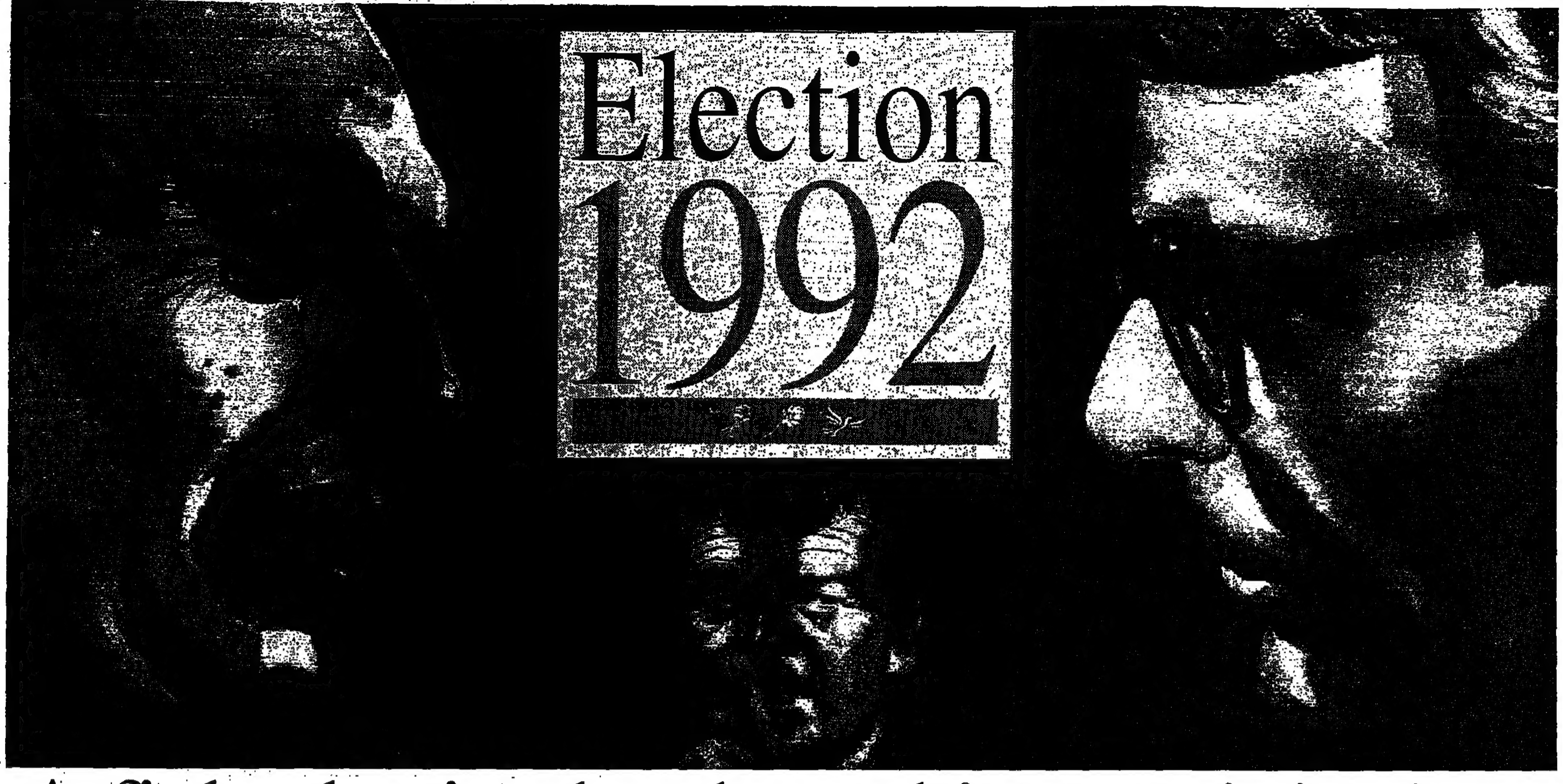
The Commission had hoped to get a vote on April 6 on another proposal which the UK is holding up – to introduce a 48-hour working week. That meeting of the Council of Ministers is now certain to be postponed until after the UK election. "It is right that the Community should not interfere with the British elections," Ms Vasso Papandreou, EC social affairs commissioner, said.

The UK's opposition Labour party has promised to "opt in" to the Maastricht social protocol if elected next month.

Ministers also came to the realisation yesterday that the protocol could reduce the influence on social policy of the Council of Ministers and marginalise the European Parliament. UNICE, the EC employers federation, and the European Trades Union Confederation also insist that if their agreements are transposed into Community law the Council should not amend them.

Countries such as Spain, Belgium and Italy are also concerned that collective agreements could make their budgetary targets harder to meet.

ELECTION 1992 PREVIEW



A fight destined to be as bitter as it is close

Neither of the main parties will stand on its record, says **Philip Stephens**

The immediate policy choices facing the voters on April 9 look narrower than at any general election since the early 1970s; and yet the consequences of their decision will be as important as any in post-war history.

The outcome of this election will offer history's first judgment on Thatcherism: on whether it lives up to its claim of a revolution; or whether it was a noisy but brief interlude in the comfortable politics of consensus.

A fourth victory for the Conservatives would hold out the prospect of one-party government – now established as the norm in Japan and Italy. In the process it would provide the catalyst for the realignment of opposition politics which the 1980s so often promised but never delivered.

Whatever the result, there will be pressures on the new government for constitutional change – including the introduction of self-rule for Scotland and proportional representation – which could redraw decisively the political map of the United Kingdom.

It is an election that challenges precedent.

If Mr John Major is returned to Downing Street, he will have defied the shifts in national mood which have ensured that no party since Lord Liverpool's administrations during the Napoleonic Wars has secured four successive terms.

For Mr Neil Kinnock to be certain of victory, Labour needs to secure a swing in votes (of 8 per cent or more) not seen since the defeat of Sir Winston Churchill in the aftermath of the Second World War. If Mr Kinnock does not secure the 5 per cent needed to deprive Mr Major of his parliamentary majority, then his party will have little choice but to embrace electoral reform.

Sandwiched between them are the Liberal Democrats. Led by Mr Paddy Ashdown, the awkward yet confident offspring of the old Liberal-SDP Alliance is struggling to salvage third-party politics from the wreckage of the 1980s.

Nobody talks any longer of breaking the mould. Yet Mr Ashdown's hopes of securing a real influence on government are as strong as those of any third party leader this century. The opinion polls have given credibility at last to the Liberal dream of a hung parliament.

For the past year Labour and the Conservatives have seen their support stuck at just below 40 per cent with the Liberal Democrats hovering between 15 and 20 per cent. The private assessment of their respective strategists is that this will be the first election since 1974 which will be decided in the final few weeks or days of campaigning.

The fight will be as bitter as it is close. The Conservatives have become too accustomed to power and Labour too desperate to win it for either to prefer the moral high ground to the mud of negative campaigning.

Mr Kinnock's tax and spending plans will be at the heart of the Conservative onslaught. Mr Major, for his part, will be blamed for the recession and charged with plans to privatise the welfare state.

> Mr Major will ask not for a fourth term for his party, but for a first term for its prime minister

Presidential-style campaigns will encourage the personal invective. This is Mr Kinnock's last chance. It might also prove to be Mr Major's, if he were to lose badly.

The Conservatives are convinced that they have a decisive edge. Mr Major is young, popular and judged to be in touch with the mood of the country. Only a tiny proportion of voters blame him for the present economic mess. A large majority tell the opinion pollsters that they prefer him to Mr Kinnock.

The Labour leader is not dismayed. His efforts since 1983 to rebuild his party have left him one of the toughest politicians of his generation. He is an experienced campaigner. Mr Major is much-liked but he can be brittle. He has never faced the pressure which will confront him in the next few weeks.

Personalities will be as important as policies. There is a new equilibrium: Labour has retreated from socialism, and the Conservatives from Thatcherism. The battle is no longer to shift the centre of gravity but to occupy it.

Mr Kinnock promises to manage a capitalist economy more effectively than the Conservatives. Mr Major pledges that only he can modernise the most important creation of socialism – the welfare state. Both accept that the constraints imposed by the exchange rate mechanism and by the march towards European integration will restrict their freedom to operate the main levers of economic management.

Neither party will fight on its record.

There is much in the Conservative record since 1979 – the replacement of statist with market economics, the taming of the trade unions – that has become so much the conventional wisdom that even Mr Kinnock is pledged to preserve it.

There is much embarrassment, also. Who dares mention the "economic miracle" proclaimed just four years ago when the voters have since been battered by recession. How much credit can Mr Major claim for sinking the poll tax, the flagship of his then triumphant predecessor in the 1987 election?

He will ask not for a fourth term for his party but for a first term for its youthful prime minister.

Mr Kinnock too will prefer a vision of the future to reminders of Labour's past. Nobody can doubt his achievement in bullying and cajoling his party into dumping the ideological baggage which weighed it down in 1983 and 1987.

But the longest recession since the 1930s has not been enough to give the opposition a decisive lead – an awkward reminder that the voters are not persuaded that its conversion is permanent.

> Mr Kinnock is for comfortable European, not abrasively American, capitalism

The retreat from political extremism to the more reassuring worlds of Mr Kinnock's market socialism and Mr Major's social market will not rob the voters of a choice.

The sound and fury on the hustings – Labour would put 10p on the basic rate of income tax, the Tories would privatise the health service – will obscure less dramatic, but real, differences.

The emphasis in Mr Major's agenda on personal ownership and choice, on individual opportunity and responsibility, encapsulates the aspirations if not the revolutionary zeal of Thatcherism. Public health and education will not be privatised but these great monoliths of the welfare state will be broken up.

The tax cuts, privatisation and personal ownership at the heart of the Conservative manifesto will underscore that its economic instincts still owe more to Atlanticism than to European Christian Democracy.

Labour has different ambitions. The most prosaic but by far the most important is to demonstrate that, after 13 years in the political wilderness, it is competent to govern.

This craving for respectability is underlined by a commitment to sustain an exchange rate in the ERM which the party would never itself have chosen. It finds echoes in the constant reassurance that its tax and spending policies threaten only the most modest redistribution of wealth.

But Labour has not been converted to US-style market economics. Instead it sees the deregulation and liberalisation pursued by the Anglo-Saxon economies during the 1980s as the cause of their current ills. Mr Kinnock has declared himself for capitalism – but for comfortable European, not abrasively American, capitalism.

There are other fault lines. The opposition has a constitutional agenda – starting with a devolved assembly for Scotland and ending with the replacement of the House of Lords – which could yet provide the impetus for more radical change than its authors intended. In the interim it would offer the basis for an informal deal with the Liberal Democrats if neither of the main parties secures an overall majority.

But such concepts have yet to stir the voters in the general election battlegrounds of the north-west and Midlands, London and the south-east. Robbed of the certainties of Thatcherism and of the opportunity to punish the "loony left", they are concerned with the recession, their prospective income tax bills, local hospitals and schools.

Mr Major starts with the advantage of a large majority at Westminster and of an electoral landscape the contours of which provide a natural bias in favour of the Conservatives. But he leads a government that has let the economic and political cycles fall hopelessly out of alignment. Mr Kinnock leads a party that has cast off its socialist shackles but has yet to persuade enough of its erstwhile supporters that it again offers a better guarantee of their future prosperity.

It may be that, this time, the voters will need more than one election to make their choice.

The decline of the true party believer

David Butler analyses how elections have changed

Democracies the world over complain of the Americanisation of campaigning.

Most recent innovations have their origins in the fertile world of US politics and advertising. Private opinion polling and professional campaign advisers; photo-opportunities and sound-bites; image-making and negative campaigning evolved across the Atlantic. Dirty tricks – and their exposure – are peculiarly associated with Washington.

But there is nothing new under the sun. Last century, Gladstone was the focus of a notable image-making industry. The Liberal campaign of 1905 was remarkable for its knocking copy. Even the manipulation of the economy to coincide with the electoral cycle is not new: as Lord Brougham wrote to Thomas Creevey in 1816: "A government is not supported a hundredth part so much by the constant, uniform, quiet prosperity of the country as by those damned spurts that Pitt used to have just in the nick of time."

Nevertheless, election campaigns have been transformed in the past 40 years. The law regulating their conduct is virtually unchanged. The goal of victory is still central to the contenders. But what they do to persuade us to vote for them is quite different.

In 1950, the time-honoured rituals of canvassing and evening meetings were observed almost everywhere. A total of 40 per cent of voters in the UK remembered going to a meeting, and more than 50 per cent recalled being canvassed. In 1987, only 3 per cent went to a meeting and only 20 per cent were canvassed.

The BBC excluded all reference to the election from its news in 1950. Full broadcast coverage arrived only in 1959 but, by 1964, 80 per cent of people said they received most of their information about politics from television.

The parties responded. In 1950, election news was made by the rival party leaders, Winston Churchill and Clement Attlee, making evening speeches at big rallies, designed for headlines in the morning newspapers next day. Today the party leaders work an 18-hour day, trying to provide the lead story for successive bulletins from breakfast TV to the midnight news. They also put inordinate effort into their party election broadcasts.

National press advertising, thought illegal in 1950, now absorbs two-thirds of national campaign expenditure – in 1987, its cost exceeded total spending by all candidates in the constituencies.

Advertising consultants have always been there, but their role has expanded. The Tories with Saatchi & Saatchi and Labour with its Shadow Communications Agency have advisers involved in daily discussions of tactics and publicity.

Over the last generation, then, campaigning has become far more complex and sophisticated. But have the new techniques affected the voter?

Volatility has increased both between and during campaigns. From 1945 to 1965 only one by-election in 12 led to a switch in party control; since 1965, one by-election in three has done so. The 1950s fluctuations in the monthly opinion polls were minimal; now the party lead often goes up or down by 10 percentage points or more. Thirty years ago, 50 per cent of people described themselves as "very strongly" attached to one party; now only 20 per cent do so.

The greater fluidity of society and the disillusionment with all politicians in a period of national decline are part of the reason. But there are two other explanations:

● First, the re-emergence of the Liberals: It is only since 1974 that the Liberals returned to the major league. By offering a candidate in every constituency, they have given disillusioned Tory and Labour supporters a half-way house. Tactical voting has eroded two-party solidarity.

● Second, the coming of television as the prime source of political communication. Argument in the TV studio has to be much less raucous than in the House of Commons. Voters learn that there is less difference between the parties and their spokesmen than seemed the case when a single opinionated newspaper provided the information. In 1992, it is much harder than a generation or two ago for a voter to be a true believer, to see his or her party as having a monopoly on wisdom, care and patriotism.

Campaigns have also lengthened. Although they last a formal 23 days from dissolution to voting, the national struggle casts a shadow well beforehand. All party politics involves electioneering, but it has never been so explicit as in the last few months. During April to September 1964, at the end of the only other full-term parliament, there was an oasis of tranquillity compared with the carefully orchestrated point-scoring of the last two months. The closer the parties are on main policy, the more they must turn to minor issues and mud-slinging to differentiate themselves in the eyes of the electorate.

Elections have altered, too, thanks to population movements and attitude changes. There used to be many more marginal seats, and party strengths were more evenly spread about the country. From 1945 to 1970 each election yielded about 180 marginal seats (with a majority of less than 20 per cent).

About 18 seats used to change hands for each 1 per cent swing from Conservative to Labour or vice versa, making a difference of 36 to the net majority in parliament. But since the 1970s, the number of marginals has plummeted to 80 or less; a 1 per cent swing now yields only eight changes of control. If the election system had worked in 1983 as it did in 1959, former prime minister Mrs Margaret Thatcher would have had a majority of almost 300 instead of a mere 146.

The reason for this revolution in electoral arithmetic is that the Conservatives have lost almost all their inner-city and Scottish seats to Labour, while Labour has been ousted from suburban and rural areas. In 1945, the Conservatives won a majority of votes in both Glasgow and Liverpool: now they do not have a single seat in either city. In 1945, Labour won half the agricultural seats in East Anglia; now they have sunk to third place in all but one. And in 1955, the Conservatives held a majority of the seats in Scotland; now they have only nine out of 72. The polarisation of constituencies and the disappearance of marginals means that elections are less likely to produce landslides. Even in a bad year more incumbents are likely to hold on to their seats.

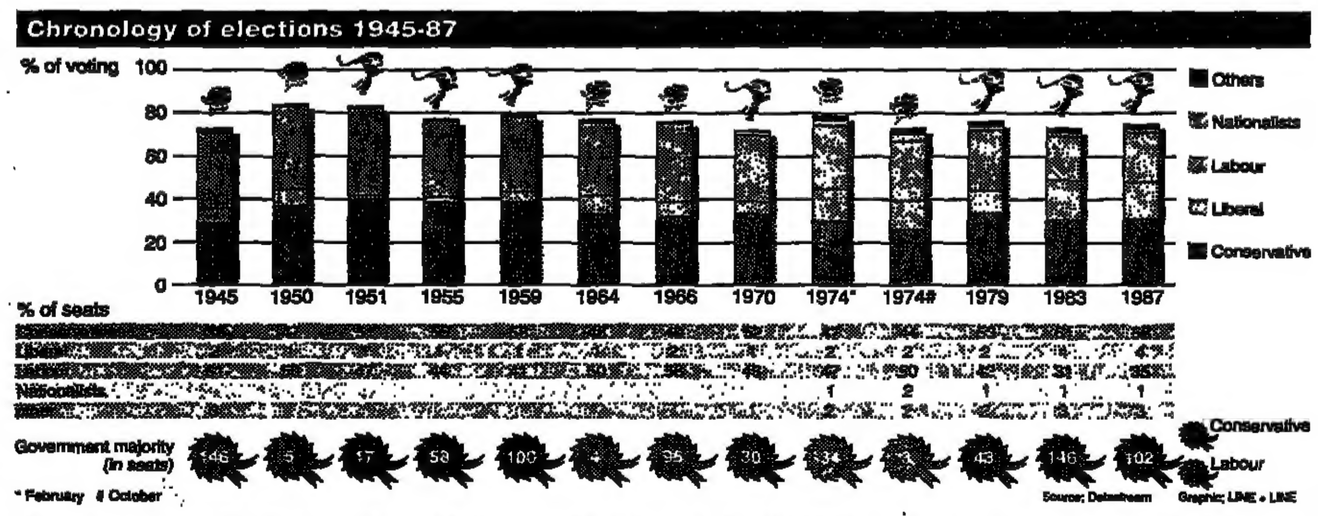
The electorate is different now from the one that put Labour in power in 1945. Every year, about 2 per cent die and 2 per cent come of age. At least 5 per cent of the native-born population has emigrated; 5 per cent of voters are of New Commonwealth stock.

Moreover the growth in ownership of houses and other material assets, and the increase in education, have combined with the decline in manual occupations to reduce the natural base for the Labour party. The decline in the Labour vote from 48 per cent in 1945-51 to 30 per cent in the 1980s owes more to changes in society than to the ineptitude of its leaders. But Labour is still the party of the working class, even though its hold has been much weakened. The only major categories of voter that gave more than 50 per cent support to the Labour party were council tenants and those of New Commonwealth origin.

A different electorate, a different operation of the electoral system, and a very different style of campaigning – the last generation has seen a revolution in the nature of British democracy.

Fewer seats change hands for each 1 per cent of swing. But more voters are ready to change. The highly orchestrated campaigns, or the chance banana skins of the next few years, have an unrivalled opportunity to switch the outcome of the election.

Chronology of elections 1945-87



* February # October

Source: Datastream Graphic: LINE + LINE

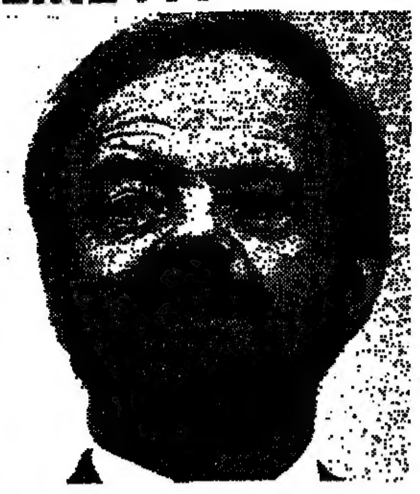
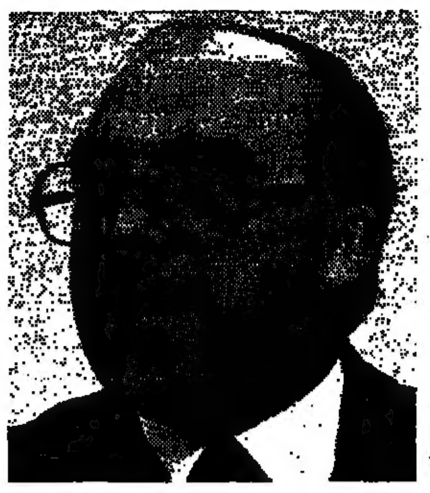
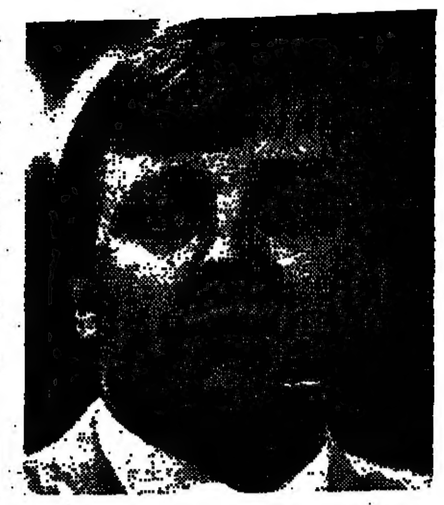
Changing face of the UK

	1950	1991/2
● Number on electoral register	34m	43m
● GDP per head (in constant terms)	100	239
● Value of £	£1	7p
● Owner-occupied homes	28 %	67 %
● Adults owning shares	7 %	24 %
● Households with television	10 %	98 %
● Car in household	12 %	65 %
● Telephone in household	12 %	85 %
● Still at school over 14	40 %	100 %
● 17-19 age group entering higher education	6 %	16 %
● Population over 65	10 %	17 %
● Of New Commonwealth origin	0.5 %	5 %
● Employed in manual jobs	65 %	47 %
● Employed in manufacturing or mining	39 %	23 %
● Unemployed	1.5 %	9 %

ELECTION 1992 PREVIEW

SHOCK TROOPS FOR THE FRONT LINE . . .




MICHAEL HESELTINE has been given a starring role in Mr John Major's "A" team for the election campaign. The sole remaining survivor of Mrs Margaret Thatcher's 1979 cabinet – and the architect 11 years later of her downfall – *Mr Heseltine has emerged as the* most aggressive spokesman for the man who beat him in the race for the Conservative party leadership. The environment secretary will be among the most prominent of the party's television "stars" during the campaign. If Mr Major were to lose the election badly he would almost certainly re-emerge as a leadership challenger.

CHRIS PATTEN is the Conservatives' political philosopher turned party propagandist. Long regarded as one of the most intelligent "thinkers" on the Tory left, as party chairman he has become the key strategist in Mr Major's election team. After a determined effort last year to shave the rougher Thatcherite edges off his party's image, Mr Patten has now switched his focus to attacks on Labour's tax, spending and trade union policies. With an estimated £20m budget at his disposal, the 47-year-old MP for Bath is promising the most elaborate and expensive election campaign in British politics.

ROBIN COOK *is acid-tongued.* His friends and foes alike are well aware that the sharply intelligent shadow health secretary does not suffer fools gladly. Cool to the point of aloofness, the MP for Livingston prefers the stiletto to the sledge-hammer and wields it with considerable effect.

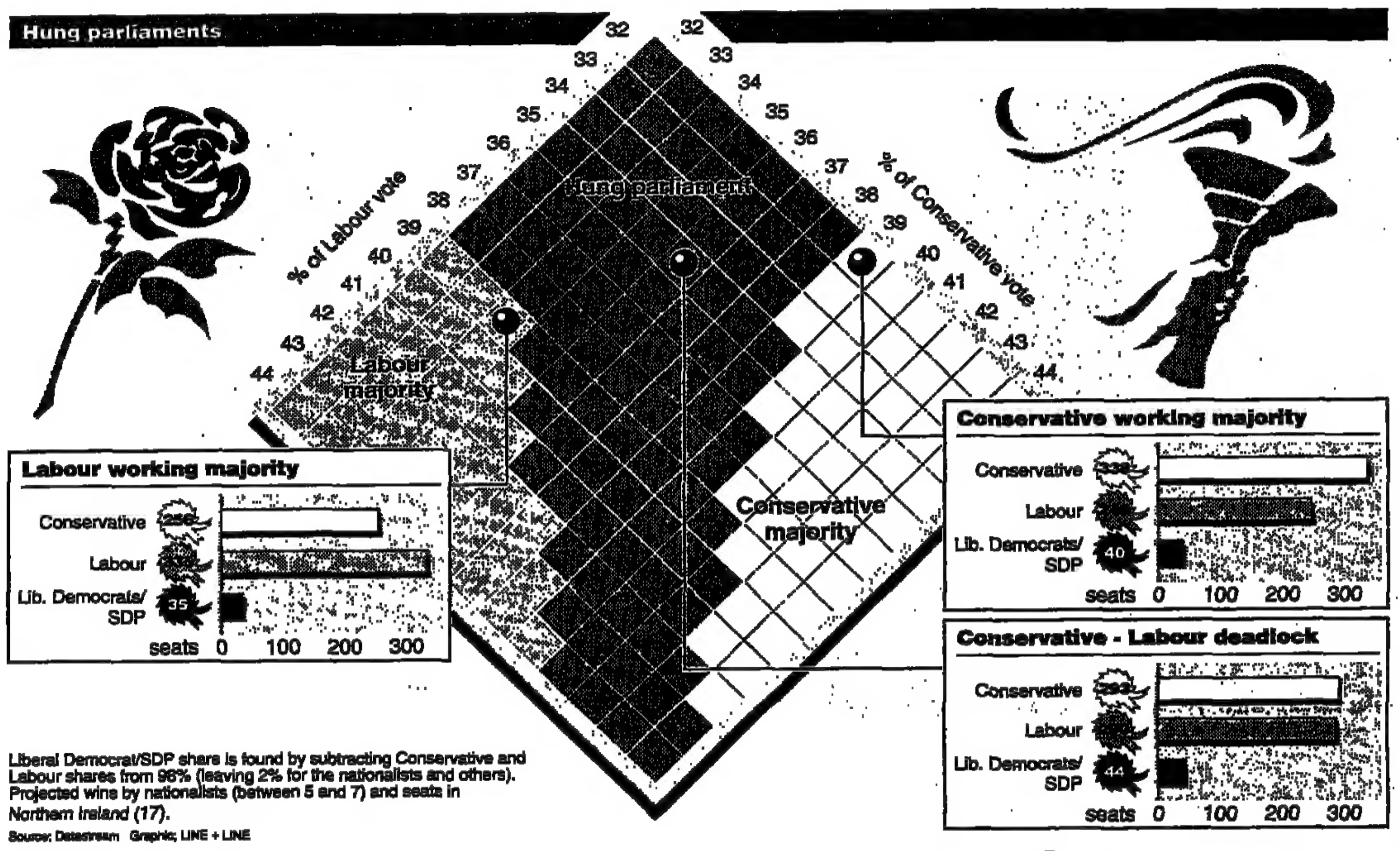
Widely regarded as a potential leftwing candidate for the Labour leadership, Mr Cook, 46, belongs to the progressive, pro-electoral reform strand of radicalism surging through the constituency parties. He needs a good campaign and, with health high on Labour's agenda, is expected to have one.

JOHN SMITH *is Labour's trump* card in the credibility war with the Tories. The shadow chancellor, 53, has honed his debating skills as an Edinburgh advocate to prove a formidable television performer, more than capable of "selling" Labour's economic policy.

With the election focusing on the tax cuts versus public spending argument, his reassuring Scottish burr could make the difference between victory or defeat. One of the few Labour frontbenchers to have served in a Cabinet – trade secretary in the Callaghan government – his next job will either be in the Treasury or as opposition leader.

CHARLES KENNEDY, 32, the Liberal Democrats' president and health spokesman, will help the fresh-faced image that the party hopes to project. MP for Ross, Cromarty and Skye since 1983, his strengths are an irreverent wit, charm and expertise in communicating – in print, on radio or television. His weaknesses are his lack of gravitas and paucity of political ambition. He will not be in the party's inner circle responsible for strategic election planning. Brought up in Fort *William he surprised himself when he* beat a Tory minister to win his seat as a Social Democrat MP.

DES WILSON, campaign director for the Liberal Democrats, *will not only* supervise behind-the-scenes operations but do star turns on television. The 51-year-old, ruddy-faced New Zealander, still with an antipodean twang, has a contagious enthusiasm, but also a *reputation for tetchiness and selfishness* when the going gets rough. His campaigning zeal dates from his involvement with the Shelter lobby group for the homeless in the late 1960s. He can run effective campaigns on *shoe-string budgets* – largely by injecting boundless personal energy. He also writes racy, lightweight novels.



Liberal Democrat/SDP share is found by subtracting Conservative and Labour shares from 98% (leaving 2% for the nationalists and others). Projected wins by nationalists (between 5 and 7) and seats in *Northern Ireland* (17).

Source: Datastream Graphic: LINE + LINE

Weighing the balance of power

A hung parliament looks more likely now than it has for 20 years, says **Philip Stephens**

It is as difficult to predict a hung parliament as it is to forecast an outright victory for the Conservatives or Labour. As the election campaign gets under way, the protagonists still have ample scope to make the mistake or to discover the wheeze which loses or wins the election.

Advance judgments on how the different players will respond if both Mr John Major and Mr Neil Kinnock are denied an overall majority are more precarious still. The political pressures on parties large and small after an inconclusive election would rapidly submerge the public pronouncements made before it.

What can be said with certainty is that the relative standing of the two *main parties as they enter the* campaign makes a hung parliament look more likely than at any time since the early 1970s. You do not need to search hard at Westminster to find a cabinet minister or his Labour shadow ready to *predict that there will be two general* elections in 1992.

After wild gyrations during the first four years of the present parliament – the Conservatives' standing fluctuated from as high as 50 per cent in the heady aftermath of Mrs Margaret Thatcher's 1987 victory to as low as 28 per cent at the height of the poll tax row three years later – the opinion polls have settled down.

Ignoring the statistical blips and occasional fluctuations around the margins for error, every survey since last autumn has reinforced the view that the electorate has already made up its mind.

A little less than 40 per cent say they have decided that, in spite of the poll tax and the recession, they will stick with the Conservatives. The same number think that Labour, with its socialist past behind it, should be given a chance to do better. About 15 per cent – and more recently 16 or 17 per cent – say they want the Liberal Democrats to *remain a force in British politics.*

If the voters stick to their guns until April 9, neither Mr Major nor Mr Kinnock will secure an overall majority. A hung parliament will oblige one or the other to do a deal with smaller partners – *or force another election.*

By polling day, one the main parties must hold a lead of at least 3 percentage points to be sure of winning the 326 seats needed to command in the House of Commons.

The arithmetic, though, is not quite that simple.

In a perfect voting system, the same number of votes would deliver each party the same number of seats. But, as third-party leaders have long lamented, *the British system is far from perfect.* In 1987, the then Liberal-SDP Alliance won 23 per cent of the votes and took only 19 of the 650 seats.

That misalignment between votes and seats diminishes rapidly when it is applied to the main parties, but it leaves the Conservatives still with a significant advantage.

Labour tends to pile up votes where they are least useful – in its own strongholds in the north of the country and in seats in the south where its candidates have little chance of winning. The Conservative vote is distributed more efficiently between the constituencies it needs to win.

So Mr Major can expect up to 20 more seats than has his principal opponent for the same number of votes. In a closely *fought election, such a margin might* well be decisive.

The chart above underscores the effect. If Labour took 41 per cent of the vote on April 9 it would need to be five points clear of the Conservatives to be *sure of an overall majority. But if Mr* Major's share was 41 per cent he could be certain of returning to Downing Street with only a three-point lead over Mr Kinnock.

It would be a mistake for the Conser*vatives to draw too much comfort from* this change in the electoral landscape. It may underscore the immense task Labour faces in securing an overall majority. But the large number of dark squares (representing a hung parlia*ment) indicates how much easier it* would be for the opposition to deprive Mr Major of his overall majority.

It is then that the ground becomes precarious.

If he were just a handful of seats away from the magic 326, it is not hard to see Mr Major doing an informal deal with the Ulster Unionists (who can expect to hold 13 seats) in order to retain at least, temporarily, the keys to Number 10. The Unionists would initially demand abrogation of the Anglo-Irish Agreement, but might well settle for a commitment to re-open negotiations on the agreement with the Dublin government.

But if Conservatives held, say, 315 seats or fewer, Mr Kinnock's claim on Downing Street might well be stronger – even if Labour had won fewer constituencies.

The political judgment would be that Mr Major had lost the election. Whatever they say now, a substantial majority of the MPs from the smaller parties – *in 1987 they won a total of 45 seats* – would be happier sustaining a minority Labour government than keeping the Conservatives in power.

Mr Paddy Ashdown, the Liberal Democrat leader, insists that he would sup*port whichever of the two leaders was* ready to offer a commitment to proportional representation and agree a full programme of government.

In practice, his colleagues admit that the terms exclude a deal with Mr Major *and that the party would be reluctant* to vote down Mr Kinnock even if he offered significantly less – in particular the creation of a Scottish assembly. The Welsh and Scottish Nationalists and the Social Democratic and Labour Party (SDLP) in Northern Ireland could also be expected to back Labour rather than the Conservatives.

So in practice Mr Kinnock could hope for the support – tacit or active – of more than two-thirds of the MPs from minority parties. That could sustain him in government temporarily even if Labour had won fewer than 300 seats.

The arithmetic is complicated further by the constitution. As leader of the largest party, Mr Major might push ahead and present his legislative programme in a Queen's Speech. If that were voted down, he could ask the Queen for a second election. Constitutionally she could refuse and instead give Mr Kinnock the chance to form a minority government. No monarch this century has declined a request to dissolve parliament.

Either way, if the electorate does not deliver a definitive verdict on April 9, the odds are that it will be asked to try again later in the year.

So many could owe so much to so few

Certain marginal seats will determine who leaves the battlefield as victor, writes **Philip Stephens**

For the past year the politicians have been exchanging fire from trenches dug at Westminster. Now the fight will move to the *electoral battlefields which will* decide whether Mr John Major or Mr Neil Kinnock enters Downing Street on April 10.

The focus of media coverage may remain on the daily West*minster press conferences*, on the set-piece television interviews and on the inevitable "gaffes" which will be made by leading figures on all sides.

But the final result is in the *hands of a few hundred thou*sands voters in London and the south-east, in the north-west, the Midlands and in a few dozen other constituencies dotted around the rest of Britain.

By the time we reach polling day, it may be that it is the last-minute preferences of 30,000 or 40,000 people in a couple of dozen constituencies – out of the 33m or so who are *expected to vote – which put* Mr Major or Mr Kinnock into Number 10. It will be the collective voice of places such as Hornsey and Wood Green, Bolton North West, Birmingham *Selly Oak and Southampton* Test that counts.

The Liberal Democrats will have an impact, even if the party's recent rise in the opinion polls to 16 or 17 per cent *still leaves them well short of* the 23 per cent that the Liberal/SDP Alliance secured at the last election. A further rise in the third-party vote towards the 1987 figure could help the *Conservatives, by splitting the* opposition in many seats that would otherwise be vulnerable to Labour.

Mr Paddy Ashdown, the Liberal Democrat leader, expects *to profit at Mr Major's expense* from the impact of the recession in southern constituencies, where his party starts more often than Labour as the main challenger to the Conser*vative incumbent. Much of the* party's effort will be focused on constituencies in the south-west and Scotland, but it will also be seeking to hold on to its by-election prizes of Eastbourne and Ribble Valley.

Realistically, Mr Ashdown's best hope is to match the 19 seats that the Alliance won in 1987. This time that might be enough to give him the balance of power in a hung parliament.

Scotland is another election altogether. The result may be critical in mapping out that nation's future within the United Kingdom. The Conservatives won only 10 of the 72 Scottish seats in 1987 and have since lost one of those in a by-election. Their only hope of maintaining or improving on that figure is that the recent rise in support for the Scottish National party draws support from Labour.

But shifts in support north of the border are unlikely to be pivotal in deciding who gov*erns at Westminster.*

The broader arithmetic is straightforward. Taking the results in 1987 as the base, Mr Major starts with a seemingly impregnable majority of 102 *seats over all the other parties* combined. The Conservatives won 376 seats at the last election, 50 more than the 326 that any party will need to com*mand a majority of one in the House of Commons.*

To be sure of forming a government, Mr Kinnock has to add another 97 seats to the 229 that Labour won in 1987. If he is less ambitious (and many *members of the shadow cabi*net doubt whether Labour can secure an overall majority in a single election), he will need an extra 65 to 70 seats to have a credible chance of forming a *minority government or an* additional 75 to be sure of becoming the largest party.

Tory candidates in the south-east will campaign on three themes: tax, tax and tax

Either way, well over half of Labour's target seats are clustered in three main battle*grounds – London and the* south-east, the north-west, and the East and West Midlands.

For all his confident predictions, Mr Kinnock has a mountain to climb. To secure an *overall majority, he must do* better – securing an 8 per cent swing – than any opposition leader since Mr Clement Attlee defeated Mr Winston Churchill in 1945.

If the average swing of 5 to 6 per cent seen in recent opinion polls were replicated on April 9, Mr Kinnock would deny Mr Major his majority, yet still emerge with fewer supporters at Westminster.

Labour must do well in places where the prosperous working classes deserted in droves to Mrs Margaret Thatcher in the first half of the 1980s – and have been less persuaded than many others by Mr Kinnock's success in dragging his party towards the political centre ground.

The 1987 election was a tale of two nations, with the Tories sweeping to victory in the prosperous south and Labour piling up votes that it did not need in its safest territories in the north. Labour took only one – Oxford East – of the 111 seats in the south-east outside London.

There are some things on Labour's side. Rising unemployment and the surge in *housing* repossessions have been particularly damaging for the Conservatives in London and the south-east. The poll tax has hit hardest in the working-class areas of the north-west which Mrs Thatcher carved out as her own during the 1980s.

But the Conservatives have their own cards. Labour's tax plans – in particular the aboli*tion of the ceiling on National* Insurance contributions – most threaten voters in the south. Tory candidates in the south-east will campaign on three themes: tax, tax and tax.

In many of the seats that Labour is targeting, the Conservative candidate has had nine years to build a local reputation. Some estimates suggest the "incumbency" factor could be worth 1,000 votes, enough to deny Mr Kinnock a dozen or more seats he might otherwise win.

London will provide the most important test. The capi*tal city is a parable of Labour's* decline. Its local parties were a moving force behind the lurch to the left during the late 1970s. They have been the hardest for Mr Kinnock to tame, *and Labour has* not won a seat from the Conservatives since 1974.

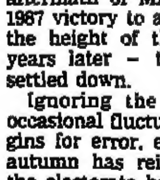
Now it needs to grab 20 in a single election. Some, like Battersea, it cannot hope for. But *Dulwich, Hampstead and High*gate, Walthamstow, Streatham, the two Lewisham seats, Croydon North West and Hornsey and Wood Green are among those Mr Kinnock must win *this time.*

Outside the capital, he needs victories in Basildon and Thurrock in Essex, in the two Southampton constituencies, in Dr David Owen's former *seat at Plymouth Devonport*, in Slough and Swindon and in Luton South.

The roll call then moves on to a further 20 target seats in the north-west – Bolton North *West, Bury South*, Wallasey, Pendle and Hyndburn among them. To the west, York, the most marginal seat in the country with a Conservative majority of 147, should fall easily to Mr Kinnock. *But he must* also win in the Midlands, taking among others Wolverhampton North East, Birmingham Selly Oak, Birmingham Northfield, the two Conservative-held Nottingham seats *and* Derby North.

For Mr Kinnock it is a list that it is as daunting as it is long. It is one he must have learnt by heart since 1983. But Mr Major will know it, too.

Policy promises of the three main parties



ECONOMY: Commitment to "opportunity, choice, ownership and *responsibility*". Promise will be to complement the free-market economics of the 1980s with a more responsive approach to social policy. Low inflation and *sustained growth within the* European exchange rate mechanism; privatisation of British Rail and British Coal; more measures to dilute the power of trades unions.

TAXES/SPENDING: Long-term *commitments to reduce public* spending as a share of national income and to cut basic rate of income tax to 20p; reduce inheritance tax and boost tax incentives for saving.

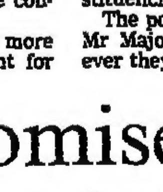
PUBLIC SECTOR: Citizen's Charter to protect individual rights against bureaucracies; measures to force "contracting out" of services provided by civil servants and public sector workers.

HEALTH/EDUCATION: Further moves to encourage internal market by encouraging more hospitals to opt for trust status and GPs to operate their own budgets; drive to break local authority control over education by persuading *schools to* seek grant-maintained status.

LOCAL GOVERNMENT: Stimulate home ownership by breaking the monopoly of local authorities over public rented housing; move towards *single-tier local authorities* and replacement of poll tax by council tax.

SOCIAL SECURITY: Moves to encourage private pensions; commitment to maintain child benefit and increased "targeting" of benefits.

FOREIGN: Commitment to continuing role for Nato in Europe's defence; maintenance of a credible nuclear deterrent; increased aid for *former Soviet republics; "positive* but sceptical" approach to further European integration.



ECONOMY: Stress on prudence, stability and invest*ment-led growth;* £1bn recovery package; tax reforms raising top rate to 50p for high earners; end to ceiling on National Insurance con*tributions; unearned income above* £3,000 subject to NICs; maintenance of current exchange rate in ERM; curbs on credit; merger of autumn statement with Budget.

SOCIAL SECURITY: Rise of £5 in single pension, £8 for couples; extra pensions for over-75s; child benefit of £9.55 for each child; new disability allowances.

INDUSTRY/BUSINESS: Tax breaks for investment and small busi*nesses; government departments to* spend 5 per cent of R&D budgets on small companies; creation of Technology Trusts linking academics, business and government; National Investment Bank to promote *long-term loans; tougher takeover* rules.

EDUCATION/TRAINING: End to Tory "opt-out" of schools scheme; reform of 'A' Level syllabus plus new targets for pupil achievement; *"contract" between parents and* schools; Education Standards Council; national training strategy through Skills UK agency; legal requirement on employers to give training.

ENVIRONMENT: Environmental Protection Executive.

NATIONALISATION: Government control of national grid; state majority shares in water companies "when resources allow".

HEALTH: *Reversal of Tory "market* reforms" of National Health Service; increased funding; performance agreements and efficiency measures.

EMPLOYMENT: Partial repeal of *anti-strike laws; national minimum* wage of £3.40 an hour; temporary employment schemes for jobless.

LOCAL GOVERNMENT/DEVOLUTION: Tax-raising Scottish Parliament bill; creation of democratic Greater London Authority, *later* English regional authorities; substitution of Council Tax with new rating system.

CONSTITUTIONAL REFORM: Right to Information bill; Charter of Rights; reform of House of Lords; study electoral reform.

FOREIGN: Signature of the Social Charter; backing for moves to single currency and Common Agricultural Policy reform.

DEFENCE: Probable cancellation of fourth Trident submarine; agency to convert defence jobs to civilian sector.

ECONOMY: Independent Bank of England and move sterling to narrow bands of ERM; monetary and fiscal policies to reduce inflation; unemployment package.

● INDUSTRY: Break-up of private sector monopolies, including British Telecom; shareholders' ballots before takeover bids; greater disclosure of information; rights for all employees to profit-sharing or share schemes.

● TAX/BENEFITS: National Insurance system merged with combined tax and benefits system; abolition of new 20p rate; abolition *of State* Earnings Related Pension Scheme; tax-free basic state pension; phasing out of mortgage interest relief; local income tax.

● CONSTITUTIONAL REFORM: Single transferable vote system for all elections; Bill of Rights; home rule for Scotland and Wales; freedom of information legislation.

● EDUCATION: Extra 1p on the basic rate of income tax to fund spending; training taxes and compulsory two days a week training release for employees less than 19 years old; tax-free childcare vouchers.

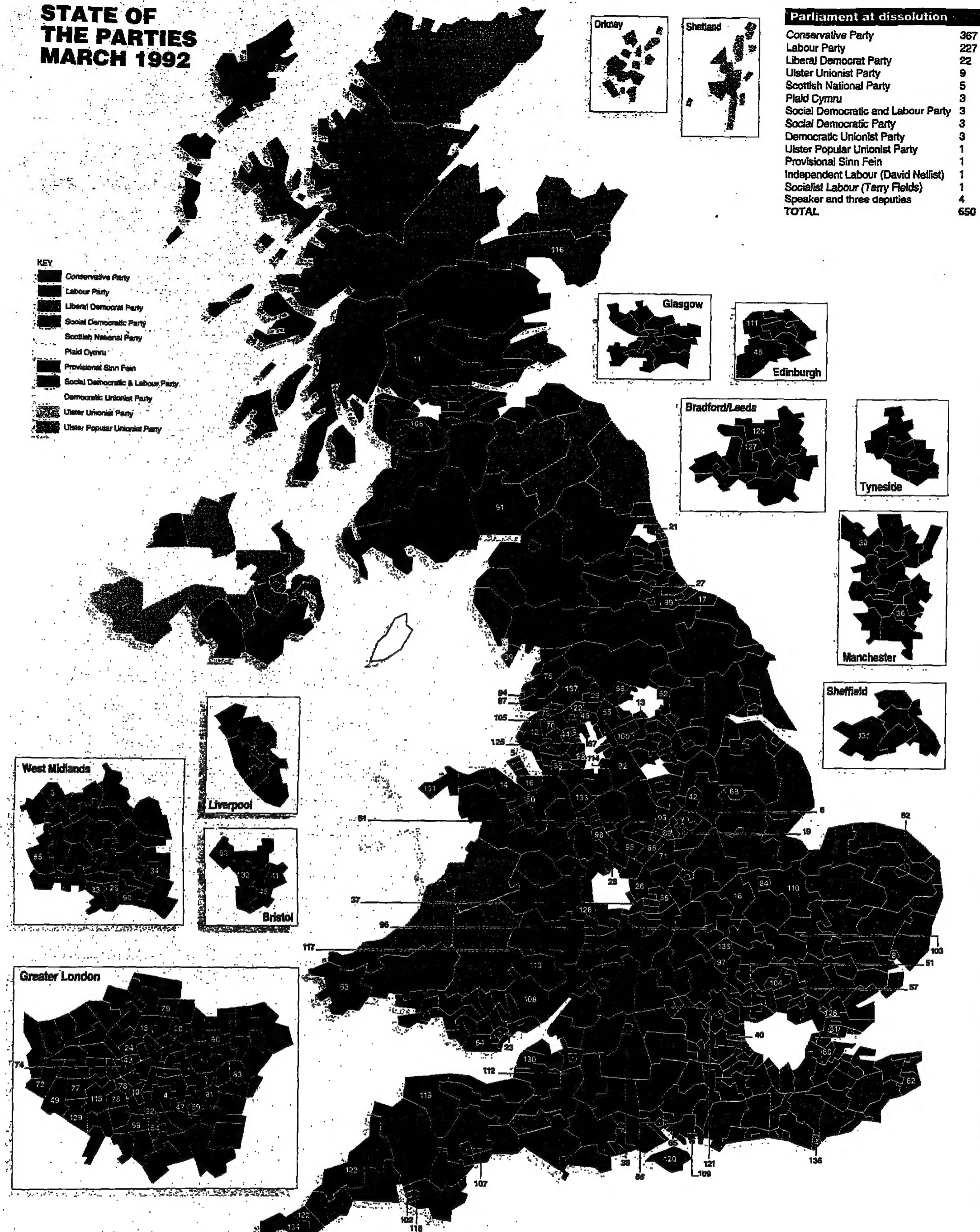
● ENVIRONMENT: Higher "pollution-added taxes", including increase of 10p a year for five years on a gallon of petrol.

● HEALTH: Replacement of "internal market"; increase in NHS funding.

● FOREIGN/DEFENCE: Pro single European currency; defence review with view to cut spending by 50 per cent by 2000; commitment to fourth Trident submarine.

ELECTION 1992 PREVIEW

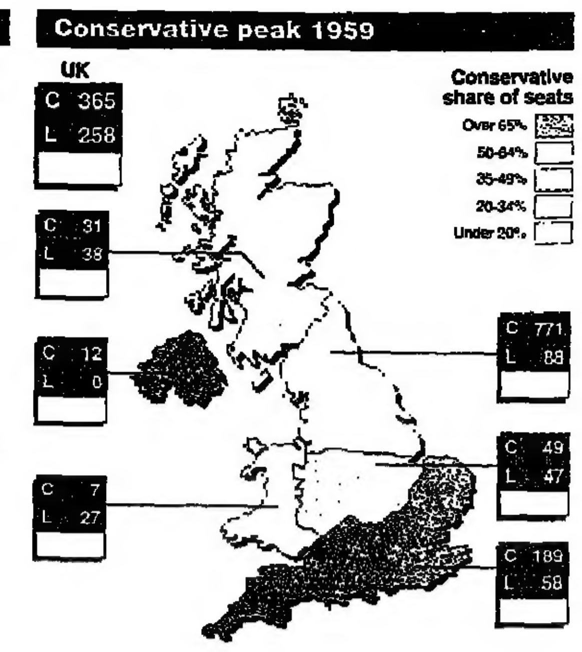
STATE OF THE PARTIES MARCH 1992



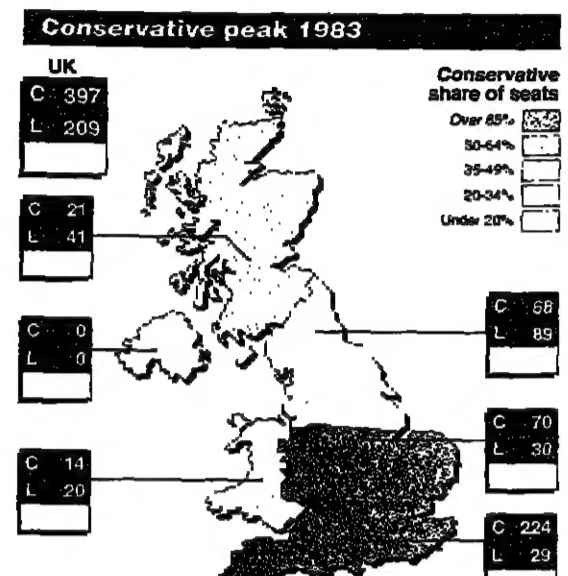
Parliament at dissolution

Conservative Party	367
Labour Party	227
Liberal Democrat Party	22
Ulster Unionist Party	9
Scottish National Party	5
Plaid Cymru	3
Social Democratic and Labour Party	3
Social Democratic Party	3
Democratic Unionist Party	3
Ulster Popular Unionist Party	1
Provisional Sinn Fein	1
Independent Labour (David Nellist)	1
Socialist Labour (Terry Fields)	1
Speaker and three deputies	4
TOTAL	650

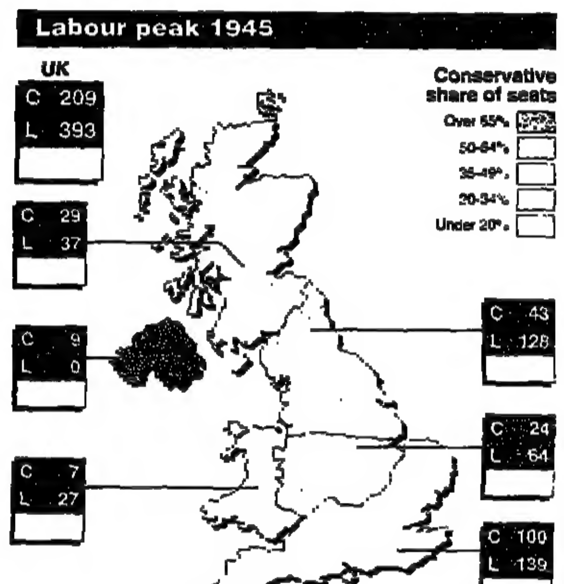
Conservative peak 1959



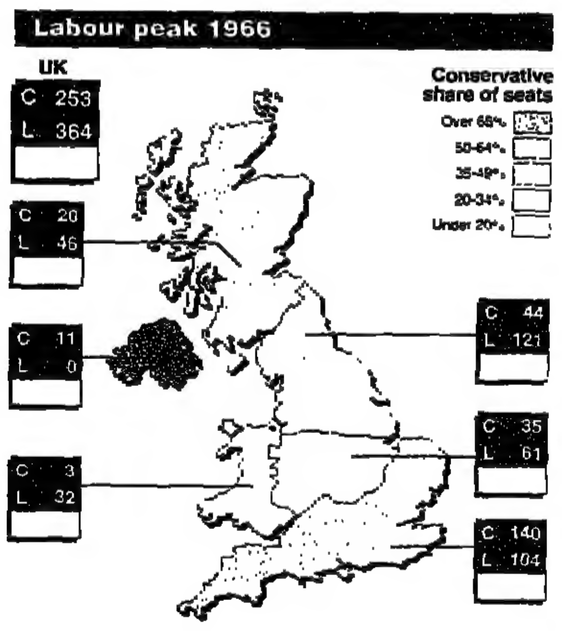
Conservative peak 1983



Labour peak 1945



Labour peak 1966



The key marginals: targets for 1992

		Votes cast 1987 (%) Con	Lab	Alln	Con lead
● LABOUR'S EASIER WINS (seats the Tories can afford to lose)					
1	York	41.6	41.4	14.9	0.2
2	Ayr	39.4	39.1	14.8	0.3
3	Wolverhampton NE	42.1	41.7	16.2	0.4
4	Dulwich	42.4	42.0	14.5	0.4
5	Wallasey	42.5	41.9	15.6	0.6
6	Nottingham E	42.9	42.0	14.7	0.9
7	Thurrock	42.5	41.0	16.5	1.5
8	Ipswich	44.4	42.6	13.0	1.8
9	Bolton NE	44.4	42.6	13.0	1.8
10	Battersea	44.2	42.4	11.9	1.8
11	Stirling	38.3	36.2	14.8	2.1
12	Lancashire W	43.7	41.5	14.8	2.2
13	Batley & Spen	43.4	41.1	14.3	2.3
14	Delyn	41.4	39 1	17.0	2.3
15	Hornsey & Wood Green	43.0	40.0	15.7	3.0
16	Ellesmere Port & Neston	44.4	41.2	14.1	3.2
17	Langbaurgh*	41.7	38.4	19.9	3.3
18	Corby	44.3	40.9	14.8	3.4
19	Nottingham S	45.0	40.8	14.1	4.2
20	Walthamstow	39 0	34.7	25.1	4.3
21	Tynemouth	43.2	38.8	18.0	4.4
22	Hyndburn	44.4	39.8	15.2	4.6
23	Cardiff Central	37.1	32.3	29.4	4.8
24	Hampstead & Highgate	42.5	37.6	19.3	4.9
25	Birmingham Selly Oak	44.2	39.3	15.4	4.9
26	Warwickshire N	45.1	40.1	14.8	5.0
27	Darlington	46.6	41.6	11.8	5.0
28	Cannock & Burntwood	44.5	39.5	16.0	5.0
29	Pendle	40.4	35.3	24.3	5.1
30	Bury S	46.1	40.9	13.1	5.2
31	Basildon	43 5	38.3	18.2	5.2
32	Streatham	44.9	39.2	15.8	5.7
33	Birmingham Northfield	45.1	39.2	15.6	5.9
34	Birmingham Yardley	42.6	36.6	20.8	6.0
35	Warrington S	42.0	35.9	22.2	6.1
36	Stockport	41.4	35.3	22.1	6.1
37	Coventry SW	43.3	37.0	19.7	6.3
38	Swindon	43.8	36.6	19.6	7.2
39	Barrow & Furness	46.5	39.3	14.2	7.2
40	Slough	46.9	39.6	13.4	7.3
41	Kingswood	44.9	37.4	17.7	7.5
42	Sherwood	45.9	38.2	16.0	7.7
43	Westminster N	47.3	39.5	12.1	7.8
44	Bolton W	44.3	36.1	19.6	8.2
45	Bristol E	43 6	35.4	20.4	8.2
46	Edinburgh Pentlands	38.3	30.0	24.5	8.3
47	Lewisham W	46.2	37.9	15.9	8.3
48	Rossendale and Darwen	46.6	38.3	15.1	8.3
49	Feltham & Heston	46.5	37.4	16.1	9.1
50	Chester	44.9	35.6	19.5	9.3
51	Luton S	46.2	36.7	17.1	9.5
52	Elmet	46.9	37.1	16.0	9.8
53	Pembroke	41.0	31.0	26.1	10.9
54	Croydon NW	47.0	37.0	16 0	10.0
55	Calder Valley	43.5	33.4	23.1	10.1
56	Nuneaton	44.9	34.6	19.2	10.3
57	Harlow	47.2	36 6	16.2	10.6
58	Keighley	45.8	35.0	19.2	10.8
59	Lewisham E	45.1	34.2	20.7	10.9
60	Ilford S	48.4	37.5	14.1	10.9
61	Derby N	48.9	37.2	13 4	11.7
62	Dover	46.0	34.1	19.9	11.9
63	Bristol NW	46.6	34.6	18.8	12.0
64	Vale of Glamorgan*	46.8	34.7	16.7	12.1
65	Southampton Itchen	44.3	32.1	23.6	12.2
66	Southampton Test	45.6	33.3	21.2	12.3
67	Bury N	50.1	37.8	12.1	12.3
68	Lincoln	46.5	33.7	19.4	12.8
69	Mitcham & Morden	48.2	35.2	16.6	13.0
70	Chorley	48.0	34.7	16.1	13.3
71	Leicestershire NW	47.6	34.3	17.1	13.3
72	Hayes & Harlington	49.2	35.5	15.3	13.7
73	South Ribble	47.2	33.1	19.7	14.1
74	Kensington	47.5	33.2	17.2	14.3
75	Lancaster	46.7	32.4	19.9	14.3
76	Putney	50.5	36.1	12.4	14.4
77	Brentford & Isleworth	47.7	33.2	17.5	14.5
78	Fulham	51.8	36.7	10.4	15.1
79	Edmonton	51.2	36.0	12.8	15 2
80	Gravesham	50.1	34.8	15.1	15.3
81	Eltham	47.5	32.0	20.5	15.5
82	Norwich N	45.8	30.2	24.0	15.6
83	Erith & Crayford	45.2	29.5	25.3	15.7
84	Peterborough	49.4	33.6	16.1	15.8
85	Dudley W	49.8	34.0	16.2	15.8
86	Derbyshire S	49.1	33.2	17.7	15.9
87	Blackpool S	48.0	32.1	19.9	15 9
88	Davyhulme	46.6	30 4	23.0	16 2
89	Erewash	48.6	32.1	19.3	16 5
90	Birmingham Hall Green	44.9	28.2	27.0	16.7
91	Dumfries	41.9	25.2	18.0	16.7
92	High Peak	45.7	28.8	25.6	16.9
93	Amber Valley	51.4	34.4	14.2	17.9
94	Blackpool N	51.4	34.4	14.2	17.0
95	Burton	50.7	33 6	15.7	17.1
96	Northampton N	48.0	30.1	20.7	17.9
97	Milton Keynes SW	47.8	21.8	29.3	18.5
98	Staffordshire Mid*	50.6	24.7	23.2	25.9
● THREE WAY MARGINALS (where Labour may leapfrog Lib Dem)					
99	Stockton S	35.0	31.3	33.7	1 3
100	Colne Valley	36.4	29.1	33.4	3.0
101	Conwy	38.7	22.3	31.2	7.5
102	Plymouth Drake	41.3	24.1	33.3	8.0
103	Cambridge	40.0	28 3	30.6	9.4
104	Stevenage	42.1	25.4	32.5	9.6
105	Littleborough & S	43.1	26.0	30.9	12.2
106	Eastwood	39.5	25.1	27.2	12.3
107	Exeter	44.4	22.5	31.8	12.6
108	Monmouth*	47.5	27.7	24.0	19 8
● LIB DEM TARGETS (where the Liberal Democrats have the best chance)					
109	Portsmouth S	43.3	13.0	42.9	0.4
110	Cambridgeshire NE	47.0	8.5	44.5	2.5
111	Edinburgh W	37.4	22.2	34.9	2.5
112	Bath	45.4	10 6	42.7	2.7
113	Hereford	47.5	7.7	44.8	2.7
114	Hazel Grove	45.5	11.8	42.0	3 5
115	Richmond & Barnes	47.7	7.1	43.8	3.9
116	Kincardine and Deeside*	40.6	15.9	36.3	4.3
117	Cheltenham	50.2	7.5	42.3	7.9
118	Plymouth Sutton	45 8	16.4	37.8	8 0
119	Devon N	50 9	6.3	42.8	8.1
120	Isle of Wight	51.2	5.9	43.0	8.2
121	Oxford W & Abingdon	46.4	14.9	37.4	9.0
122	Falmouth and Camborne	43.9	20.9	34.6	9.3
123	Cornwall N	51.7	6.4	41.9	9.8
124	Leeds NW	43 5	21.7	33 5	10.0
125	Crosby	46.1	17.9	35.9	10.2
126	Chelmsford	51 9	6 8	40.5	11 4
127	Pudsey	45 5	20.5	34.0	11.5
128	Wyre Forest	47.1	18.9	34.0	13.1
129	Twickenham	51.9	8.4	38.3	13.6
130	Weston-Super-Mere	49 4	11.4	35.6	13.8
131	Sheffield Hallam	46.3	20.4	32.5	13.8
132	Bristol W	45.5	20 9	31.3	14 2
133	Congleton	48.3	17.9	33 8	14.5
134	St Ives	48.3	17.8	33.6	14.5
135	Milton Keynes NE	48.5	15.9	33.6	14.9
136	Eastbourne*	59.9	8.8	29.7	30.2
137	Ribble Valley*	69 9	17.7	21.4	38.5

*Seat changed in byelection: see chart on right

Byelection results since 1987

Poll date	Election area	Conservative	Labour	Liberal Democrats/ SDP	Greens	Nationalists	Gained/held seats
14/7/88	Kensington	-5.9	+4.8	(-1.4)	+0.7		Conservative
10/11/88	Glasgow Govan	-4.6	-27.9	(-8.2)	1.2*	+38.4	SNP gain
15/12/88	Epping Forest	-21.4	+0.3	(+18.8)	+0.7		Conservative
23/2/89	Pontypridd	-6.0	-2.9	(-11.9)		+20.0	Labour
23/2/89	Richmond	-24.0	-6.9	(+27.2)	2.8*		Conservative
4/5/89	Vale of Glamorgan	-10.5	+14.2	(-10.2)	2.0*	+1.7	Labour gain
15/6/89	Glasgow Central	-5.4	-9.9	(-8.0)	+2.9	+20.2	Labour
15/6/89	Vauxhall	-10.2	+2 6	(-0.7)	+4.3		Labour
22/3/90	Staffordshire Mid	-18.3	+24.4	(-8.5)	2.2*		Labour gain
24/5/90	Bootle	-11.0	+8.5	(-3.6)	3.6*		Labour
26/9/90	Knowsley South	-6.3	+4.3	(-5.4)	3.1*		Labour
18/10/90	Eastbourne	-19.0	-3.8	(+21.1)	-0.3		Lib/Dem gain
8/11/90	Bootle	-10.9	+11.5	(-5.1)	2.0*		Labour
8/11/90	Bradford North	-22.7	+8.9	(+7.6)	1.2*		Labour
19/11/90	Paisley North	-1.0	-11.5	(-7.5)	3.6*	+16.5	Labour
19/11/90	Paisley South	-1.3	-10.1	(-5.3)	3.1*	+13.5	Labour
7/3/91	Ribble Valley	-22.4	-8.3	(+27.1)	1.0*		Lib/Dem gain
4/4/91	Neath	-7.5	-11.6	(-3.0)		+17.0	Labour
16/5/91	Monmouth	-13.5	+11.6	+0.8	#	#	Labour gain
4/7/91	Liverpool Walton	-11.5	-11.3	+14.8			Labour
7/11/91	Hemsworth	-6.7	-0.7	+4.2			Labour
7/11/91	Kincardine & Deeside	-10.0	-8.2	+12.7	+1.0	+4.7	Lib/Dem gain
7/11/91	Langbaurgh	-2.6	+4.5	-3.8	-0.8		Labour gain

Liberal Democrats/SDP figures show vote for Liberal Democrats and/or SDP against Alliance vote in 1987 election
* Party which did not stand at previous general election.
# Joint candidate for Greens and Nationalists

Source: Datastream Graphic UIS . Ltd

ELECTION 1992 PREVIEW

Most people are not pleased most of the time

Joe Rogaly explains that the opinion of the British people is not necessarily reflected accurately in the composition of the government

The one thing this election will not tell us is which party the majority of the people of the UK want to govern them. Our elections never do. Since 1945 the closest we have come to putting in a truly majority government was in 1955, when Eden romped home with 49.7 per cent of the votes cast. Many other famous victories have fallen far short of that.

For example, the three contests won by the Conservatives under the leadership of Mrs Margaret Thatcher did not represent a positive determination by a majority of the people that they welcomed a Tory decade. Mrs Thatcher secured huge majorities in terms of seats in the House of Commons, but during her time the highest share of votes cast for the Conservatives was 43.9 per cent. That was in 1979. In that same year, after all the tribulations of the winter of discontent, the Labour vote actually rose by nearly 100,000 compared with the previous election in October 1974.

What made the difference was a reduction of some 2m in the Liberal vote, and an increase of about 3m in the Tory vote. In the two subsequent elections the split between Labour and the Alliance parties widened. The Conservatives sailed home on 42.4 per cent of votes cast in 1983 and 42.3 per cent in 1987.

These seemingly substantial minorities melt away when the calculation takes account of the quarter of the electorate that did not turn out. Then it is seen that at no time did the governments of the 1980s rest on the expressed support of more than a third of the people. Even in 1987 only 32 per cent of the registered voters placed a cross before a Conservative candidate.

Thus does simple arithmetic make nonsense of the notion that after 1979 there was a sea-change of opinion, or that "the country" decided at three elections in a row that it wanted a government of the intermittently idiosyncratic right. It was reasonable to reduce the previously penal rates of income tax, privatise what Labour had nationalised, constrain the trade unions and reform the health and education services, but election results do not indicate that there was popular pressure for any of these policies.

Such equations work backwards as well as forwards. To demonstrate that Mrs Thatcher's governments represented a minority of the people is not the same as to say that a majority wanted a Labour government. In 1983 the non-Conservative national parties were almost evenly split – 27.6 per cent for Labour, 25.4 per cent for the Social Democratic and Liberal party alliance. There was undeniably ferment on the left, but this does not mean that you could add the two scores, making 53 per cent, and assert that most people wanted a Lib-Lab alliance.

Had that been a practical proposition, many votes might have been cast quite differently. Social Democratic party supporters and many Liberals rejected renationalisation, unilateral nuclear disarmament, and withdrawal from Europe – all three of which were principal planks of Labour policy.

You may protest that none of this matters so long as the party that gets into government is the one that won the most votes. Even that is not guaranteed. In 1951 Labour won some 225,000 more votes than the Conservatives, but Sir Winston Churchill (then plain Mr) became prime minister. His Conservatives commanded 321 seats to Labour's 295. In February 1974 more people voted for Mr Edward Heath's Conservatives than for Mr Harold Wilson's Labour party, but it was Mr Wilson who returned to Number 10 Downing Street. "The country" did not turf Mr Heath out. It was the electoral system that achieved that.

Sweeping proclamations about what the people now want are a form of shorthand, convenient for idle minds. It is better to be particular. For example, Scotland has a four-party system. Two of the parties – Labour and the Liberal Democrats – propose to establish a devolved assembly for Scotland. The Scottish Nationalists want independence. Only the Conservatives propose to maintain the status quo. Yet the Tories could win the forthcoming election on a minority of United Kingdom votes and override the wish for some form of home rule, as expressed by three-quarters of the Scots. Again, Northern Ireland's politicians live in a world of their own. They are preoccupied with Ulster, not UK-wide concerns. Most Unionist MPs vote with the Conservatives in the Commons.

There are two principal reasons why voting behaviour and thus the expression of the "opinion of the people" have become disaggregated. The first is that the rise of the Liberals and nationalists has eaten away at support for Labour and the Conservatives. Between 1945 and February 1974 the largest share of the vote attracted by the then Liberal party was 11.2 per cent. The average Liberal score over the eight elections between 1945 and 1970 was 7 per cent. In the five elections since February 1974 the average for the centre parties has run at 20 per cent. The Celtic vote, although small in absolute terms, has shown a similar increase.

Second, voters have become less attached to parties. Loyalties can no longer be taken for granted. This is true of most democracies in the west. The classic socialist-capitalist divide was dependent to some degree upon the existence of a large blue-collar proletariat. Contemporary class structures are complicated and inherently unstable.

Thus it is hardly surprising that the picture of public opinion drawn from the evidence of polling data is blurred. A 1988 survey by Mori indicated that 54 per cent of the British people then held essentially socialist values while 39 per cent adhered to what at the time were called "Thatcherist" values. As recalled by Mr Bob Worcester of Mori: "A third of those who said their voting intention ... was Labour held essentially Thatcherist values and over a quarter (27 per cent) of those whose voting intention was Tory were essentially socialists, whether they knew it or not."

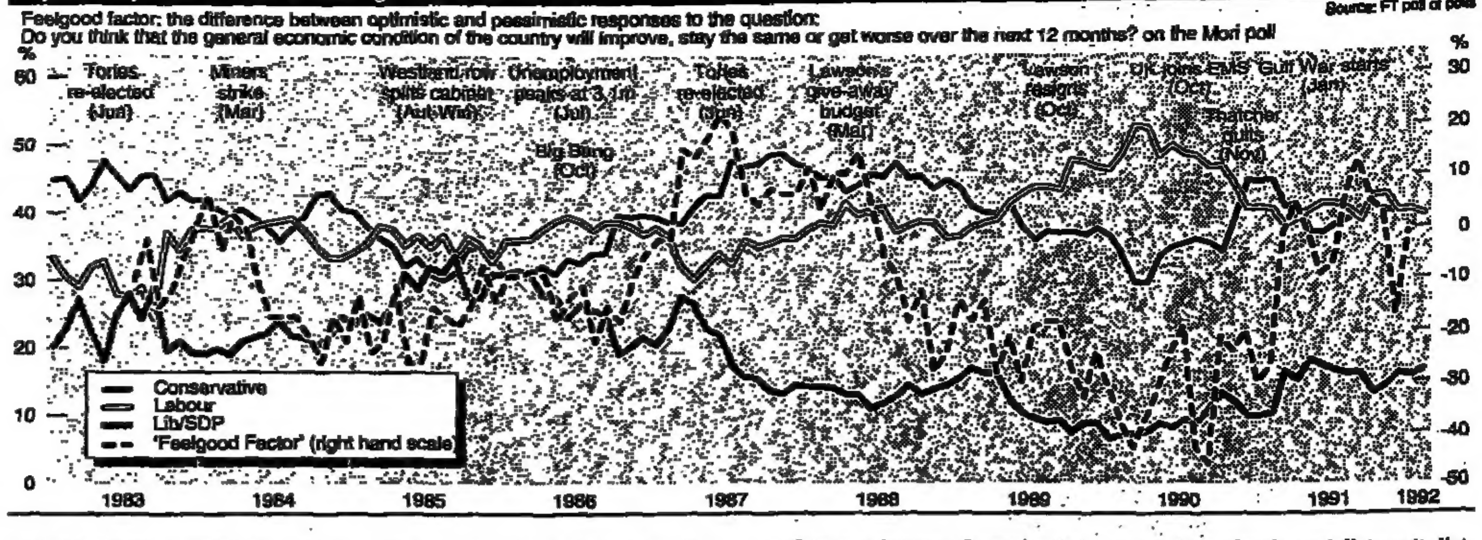
There is another reason for describing the public mood as confused. In his recent book, British Public Opinion, Mr Worcester suggests that three elements influence the behaviour of marginal voters, those important individuals who determine which party wins and by how much. These are: the image of the leader, the party's perceived fitness to govern, and party policies. As to the first, today's Conservatives are far ahead with Mr John Major. The Tories also probably have the edge on fitness to govern, although Labour, with its clean shirts, neat suits and conservative ties, has been catching up fast. Finally, there is a familiar list of policy divides. Labour is preferred on health, education, social security and the like, while the Tories' principal advantages are the economy, defence, law and order.

It is the economy that tends to be the deciding factor. Here the regional distribution of seats is instructive. Of about 100 Conservative marginals, 78 are to be found in London and the south-east, the Midlands and the north-west. In most of them, the existing Tory majorities are vulnerable to a strong swing to Labour. It could be that decisions by fewer than 250,000 voters in those constituencies will be decisive. If so, the question on polling day boils down to something far more mundane than "what is the mood of the country?" It is: "How badly off do a handful of swing voters in about an eighth of the constituencies feel – and do the Few Who Choose think they would be any better off under Labour?"

Opinion polls and the 'Feelgood Factor'*

Feelgood factor: the difference between optimistic and pessimistic responses to the question:
Do you think that the general economic condition of the country will improve, stay the same or get worse over the next 12 months? on the Mori poll

Source: FT poll of polls



Compelled to swim in turbulent waters

Barry Riley examines how economic undercurrents have buoyed up, and sucked down, political aspirants

Clobber the economy in the early part of a parliament's term and then ride back to power on the back of the rebound of production and optimism about four years later. Such has been the classic formula for electoral success in post-war Britain.

It has been successfully adopted by Conservative governments in the 1950s and 1980s, but Labour administrations have never mastered the technique. Perhaps that is partly why Labour has only held power for a third of the period since 1945.

Now the Conservatives, too, have apparently lost their cyclical touch, and have been struggling to achieve a winning position in the opinion polls. As in 1964, when Mr Reginald Maudling's dash for growth blew up in their faces, they have run right out of good luck and good timing.

Consider how the Conservatives behaved in their first term after regaining power in 1979. Straightaway their most secret and unpopular plan, to raise VAT from 8 to 15 per cent, was implemented. In March 1981, still less than two years into the term, Sir Geoffrey Howe delivered his famously vicious Budget, the one that attracted protests from 364 Keynesian economists. By 1983 the economy was recovering well enough for the Tories to win, though admittedly it might have been very tight without the help of the "Falklands Factor" and the eccentric Labour leadership of Mr Michael Foot.

After the 1987 Conservative win, however, Mr Nigel Lawson broke all the rules. Celebrating an economic miracle, he cut taxes in March 1988 and with the money supply bounding ahead unchecked he encouraged a strong surge of output in that year, continuing into 1989. It is true that in other respects the Conservatives followed the traditional formula, by attempting to hustle the unpopular poll tax legislation through early in the parliament. The worst must come first. However, the poll tax proved such a disaster that it is still overhanging the government in 1992 at the tail-end of its term.

It will be hard for Mr John Major to unload all the blame for the current economic problems on to Mrs Margaret Thatcher and Mr Lawson, but no doubt he will cautiously try. Mrs Thatcher has apparently promised to stay gagged, but her former economic adviser, Sir Alan Walters, remains voluble.

Certainly the recession hit hard in 1991, the year in which Mr Major ideally would have wanted to call an election. The timing was disastrous. And all attempts to talk the economy up subsequently have failed, leaving the Tories facing the most depressed economic backdrop for any election since 1974, with its three-day week.

As recently as the autumn of 1990 Mr Major was denying that there was even likely to be a recession. When the reality became evident in the early part of last year, the government's emphasis switched to the likelihood of a quick rebound from the middle of 1991.

Thanks to a surge in North Sea oil output, the third-quarter gross domestic product statistics did indeed show the famous "technical" recovery but there have been more disappointments since. No genuine economic recovery will become evident before the election; indeed, in important areas, such as the housing market, the election has created damaging uncertainties and has itself become an impediment to an upturn. House prices fell by 1.2 per cent in February, according to Nationwide Building Society.

It is a grim picture, but not one entirely without redeeming features. A depressed economy is at least good for inflation, which has dropped to about 4 per cent. Moreover, the government has been able to raise its borrowing requirement very sharply without, in these circumstances, seriously upsetting the bond market. Two years ago, the public sector was in budget surplus, but the deficit has been forecast at £28bn for 1992-93, and more than £30bn in 1993-94. Public pay settlements for teachers and nurses have been relatively generous in real terms, and public spending in general has been rising fast: the offer of £55m to back Manchester's Olympic Games bid is the kind of hand-out calculated to win votes.

During the campaign, the government will need to build on these few favourable factors and also emphasise the crucial differences between the parties in the area of taxation. The willingness of the financial markets to swallow high borrowing levels during the recession has given the Conservatives scope to trim tax levels even though revenues have been weak. A year or two ago, the Conservatives were claiming that Labour would borrow too much, but we are unlikely to hear much about this during the campaign: the pot can no longer call the kettle black.

Once again Labour, in its tax policies, has been trapped in minority attitudes. Although in the past few years Mr Neil Kinnock has swept out much indigestible left-wing dogma from Labour's manifesto, the plan to raise income taxes to an effective top rate of 59 per cent has evidently proved a miscalculation. Few will pay these rates, but many more fear that they *might*.

> In important areas, the election has created damaging uncertainties and has itself become a block to recovery

Elections are cynical affairs. A party must soothe and even bribe many of its natural enemies in order to gain a majority. Labour's natural supporters, such as many old people dependent on state pensions, will vote for it anyway. They can be rewarded *after* the election. In addition, Labour has needed to attract middle-income voters but it has not so far displayed the leadership and inspiration that might persuade these people to vote against their narrow sectional interests.

Other economic differences are less important in election terms. Labour has backed the participation of sterling in the exchange rate mechanism of the European Monetary System, and has said it will not devalue from the central DM 2.95 parity. Although it has called for cuts in interest rates, in practice monetary policy will be largely out of its hands.

Of course, there *may* be a hidden agenda which includes devaluation, or "realignment" within the ERM, but previous Labour governments have in practice tended to struggle for years to avoid devaluation: the Attlee regime took four years to be persuaded that devaluation was inevitable in 1949, and the Wilson regime laboured for three years before devaluing in 1967.

The Conservatives have avoided set-piece devaluations of this kind, but have at times allowed sterling to float down quite aggressively, most recently under Mr Lawson as chancellor in 1986, when the pound depreciated by 22 per cent against the D-Mark.

Apart from taxation and social spending, the main economic differences between the parties are probably in their degrees of interventionism: traditionally Labour has tended to set up National Plans and National Enterprise Boards and has employed a variety of devices of the corporate state ranging up to nationalisation. Conservatives have relied much more on a free market approach, which reached extremes under Mrs Thatcher in the 1980s.

It is a moot point whether industrial policies win votes. In any case, Labour's scope for intervention is much less now that the UK is becoming firmly integrated into the European Single Market. The old paraphernalia of credit controls, exchange rate controls, subsidies and import surcharges are mostly ruled out (though the French have not entirely realised this).

Even so, Labour could be vulnerable to charges that they would turn the clock back to the 1960s, when union leaders dominated the TV news and were regularly enjoying beer and sandwiches at Number 10 Downing Street before emerging to celebrate a "triumph for common sense". There is talk of giving back certain privileges to unions, and of bringing in minimum pay levels: again, such proposals will win few new votes for Labour.

The hostility of the financial markets is a potential disadvantage for Labour, but the European context of the 1990s may provide some protection. There are other socialist regimes in the EC, and tricky coalitions too, but these are not usually regarded with particular alarm.

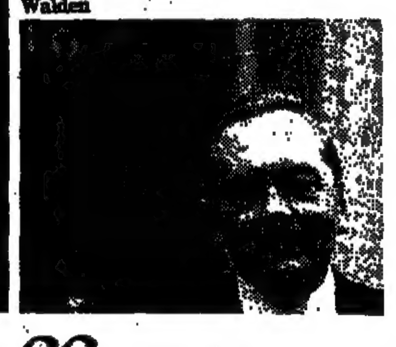
City of London financial dealers may be mindful of the Labour threat to their after-tax incomes, but the personal damage will not for long overcome the more general economic and financial logic. All the same, a Labour or coalition government must expect to be severely tried out by the foreign exchange and gilt-edged markets in the immediate aftermath of the election.

This promises to be the closest race for a long time. In 1987, the Conservatives were always some 10 points ahead in the opinion polls and there was only one minor hiccup when a rogue Gallup poll on "wobbly Thursday" a week before the June 11 election suggested that there might not be an overall majority. In just over a month between the announcement of the polling date and the declaration of the result the FT-SE 100 Index rose some 8 per cent.

The disappointment was that after such a well-telegraphed result the market had little more to offer. A "wall of money" was expected to arrive from Japan but it never did. After a modest further rise, the London equity market hit a high point in July which was not significantly exceeded for nearly four years.

In 1992 the situation could be very different, with great uncertainty during the campaign and possibly afterwards too. The City of London for several months has seemed to be blithely assuming the Conservatives would secure a victory, albeit narrow. But after this week's Budget the stock market had a nasty attack of nerves.

'The calf died, but the photos lived on': Left, Margaret Thatcher campaigning in Suffolk in 1979; clockwise, David Dimbleby, Sir Robin Day, David Frost, Jeremy Paxman and below, Brian Walden



Mother of all media efforts

Television reports will be extensive, and intensely scrutinised, says **Ivo Dawnay**

Early in the 1979 election campaign, a sensibly-shod Mrs Margaret Thatcher strode purposefully across a Suffolk field to embrace a new-born calf.

She was not alone. Behind the prime minister-to-be trailed an army of television crews crowding out the small but dapper figure of her public relations chief, Mr (now Sir) Gordon Reece.

The stunning impact of this first, wholly gratuitous British photo opportunity is long remembered, leaving the more cynical witnesses to claim: "The calf died, but the photos lived on."

Television coverage of general elections had come a long way to reach this muddy nadir. Up until 1958, fearful of accusations of bias, the BBC simply did not follow the story at all – a self-denying ordinance that left transmissions exclusively to the parties' election broadcasts.

No longer. To the delight of video rental shops and cinemas across the land, election '92 heralds an unprecedented blitzkrieg on all four channels, fuelled for the first time by 24-hour satellite coverage.

So far, the three main party leaders have already scheduled four full-length interviews to run over the course of the campaign – one for each channel – with Justices Frost, Day, Walden and Dimbleby presiding.

The main evening news broadcasts of ITN and the BBC will be stretched. Channel 4 is promising – "for true junkies," as one broadcaster put it – a nightly two-hour midnight special now the campaign proper is getting under way. And as the dishes of Sky News fill with unedited live coverage of the main parties' morning news conferences, parallels are inevitably being drawn with the Gulf war.

"It will," sighed one already fatigued programme-maker, "be the mother of all elections."

Connoisseurs of election news say the three weeks of fly-on-the-wall reports will actually reflect three separate struggles: first, the traditional party conflict; second, the tussle for viewers between the channels; and last, the battle between the party spin doctors and the media over what actually constitutes the news.

This, after all, is the first head-on clash between BBC deputy director-general Mr John Birt's interpretative genre of news, dubbed "the mission to explain", and what politicians like to call "straight reporting".

In simplified terms, the conflict boils down to not much more than the traditional tug of war over what the producers think is legitimate news and comment versus the parties' wishes to see their "agendas" delivered, without appropriate health warnings, into the nation's living rooms.

Pre-emptive strikes in this endless war of attrition are taking place almost daily. At the Tory party conference in Blackpool in October last year, Mr Chris Patten, the party chairman, urged Conservatives to jam switchboards at the slightest sniff of bias on either ITV or the BBC.

The same week his own office was doing just that with furious objections to an overly zealous BBC effort to "balance" health secretary Mr William Waldegrave's platform speech on his National Health Service reforms with material contesting his claims.

Nor is Labour shy of making its voice heard. Mr David Hill, the party's communications director, has several times accused television of taking its agenda from the Tory tabloids, above all the Daily Mail.

These spats may yet prove mere trailers for truly volcanic rows once the this closely fought election gets fully under way.

For Mr Shaun Woodward, the Tories' communications chief and a former BBC producer, the issue centres on the narrow line dividing objective explanation and editorialising. It is, Mr Woodward says, fair to report his party's furiously contested claims that Labour's programme will cost £37bn above and beyond current public spending levels.

But when background "packages" are prepared at speed on policy issues, objectivity is in peril. "The problem is that when you get it wrong – even if it is only once every six months – 9m or 10m people pick up a biased story," Mr Woodward says.

Conscious that most national newspapers are hostile, Labour is conversely demanding that television pursue objective truth.

"The real Neil Kinnock emerges on television and radio," says David Hill. "We can show that the Tory tabloids' image of him does not hold up."

Labour is also demanding a little coverage of its own claims, such as those of alleged "Tory plans" for imminent tax rises or spending cuts once the election is over. Noting that ITN's editor-in-chief, Mr Stewart Purvis, has told his staff to avoid calf-hugging opportunities, Mr Hill promises to wait and see.

"If the only way the Tories can get good coverage is to have John Major running around shaking hands, it will be interesting to see whether the Purvis doctrine stands," he says.

One long-time independent television reporter says Mr Hill need not wait long. "It's nonsense to say the photo opportunity is dead. Good pictures will always be used. What matters is the commentary on top."

Isolated in the third corner, the Liberal Democrats, meanwhile, are fighting a lone and largely hopeless battle for the use of the stopwatch to measure the distribution of air-time. Officially, both main parties and the main channels say the stop-watch's days are over. But none of the reporters believes it.

"They will be stopwatching and we will be watching our backs," one says.

For most viewers, agonising about objectivity is not what elections are about. They have a case. Experienced hands such as Sir Robin Day agree that while policies have their place, often the most gripping election moments – if not the election-deciding ones – come from the unexpected.

The harrying of Mrs Thatcher by an unknown housewife on the Belgrano affair on the BBC's Election Call phone-in will be remembered longer than the election at which it occurred.

But the real story, of course, is the result.

For the election night shows themselves, speed and accuracy are of prime importance. Last time, despite the intellectual brilliance of the Kellners, Coles, Crewes and Dimblebys, the BBC slipped up in its opinion polling. It gave the Tories a five-point margin of victory, as against the actual outcome of nearly 12. ITN also claimed it had five out of six results before its rival (by anticipating, Auntie protests, unconfirmed figures).

This year, the Beeb has poached Mr Paul McKee, once ITN's exit poll wizard, and hired NOP at a cost not far off £200,000 to quiz some 14,000 homebound voters. For added glamour, gigantism around the set is back in fashion. The lanky Mr Peter Snow, for example, is to be dwarfed by a 6-by-8-metre computer projection screen on the election night show.

As one of the first results may be Cheltenham – forecast by some to be going Liberal Democrat – third-party supporters may yet be treated to a once-in-a-lifetime computer projection of a huge, digitalised House of Commons chamber packed to the gunwales with little yellow men.

"Just," as Mr Snow is fond of saying, "for fun."

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UK NEWS – ELECTION 92

Tories target experience in attack on Labour

By Alison Smith

THE CONSERVATIVE party's first rally of the campaign opened with a sustained attack on the alleged lack of experience among leading figures in the Labour party.

Launching a national poster campaign – in which a learner-driver's "L" plate is used as the first letter of the word Labour – Mr Chris Patten, the Tory party chairman, and senior colleagues highlighted the choice between Mr John Major and Mr Neil Kinnock, the Labour leader, as the next prime minister.

In a speech surveying the international scene Mr Douglas Hurd, the foreign secretary, pressed home the contrast with a tribute to Mr Major's diplomacy in the 15 months of his premiership, and the risks ahead in the post-Cold war world order.

A further sign that the party plans a forward-looking campaign based less on its record than on its vision of the future, came in an appeal to first-time voters from Mr Michael Heseltine, the environment secretary.

Mr Heseltine's speech, which won the most enthusiastic response of the afternoon from the 800 representatives, said Labour's message of higher taxes for both rich and poor would discourage the young from enterprise and taking responsibility.

Mr Heseltine portrayed Labour as rushing like the charge of the light brigade "into the valley of taxes".

The day was dominated by hammering home Labour's decision to vote against the Budget proposal for a 20 per cent tax rate for the first £2,000 of taxable income.

The Tories are confident that the opposition to the reduced rate band leaves Labour more vulnerable on tax even than its previous policy of raising the top tax rate and removing the ceiling on national insurance contributions.

Reinforcing the party's central message that Labour cannot be trusted with the economy, Mr Patten said the only thing the party could be trusted to do was to raise taxes.

"Neil Kinnock's message is simple: 'Read my lips, lots more taxes'," he said.

Both Mr Patten and Mr Heseltine drew murmurs of support from the audience of senior party workers when they attacked Labour's "scare campaign" on the health service.

Party officials said that the negative campaigning tone of the day's speeches would change today with the address from the prime minister which, in setting out his vision of the future for Britain would set the tone for the campaign.

Kinnock would focus cash on NHS and education

By Ivo Dawnay, Political Correspondent

LABOUR looks set to confine its new spending plans in next week's "shadow budget" to measures to boost capital expenditure on the National Health Service and schools. It is also likely to encourage private finance for the railways.

The hint on how the Labour Party might allocate the funds due to be released by reversing the tax cuts announced in the Budget came in Mr Neil Kinnock's speech to the Scottish Labour party in Edinburgh yesterday.

So far, Labour has kept silent as to how it would reallocate the £1.8bn made available in the budget for a new tax band.

Its published economic programme gives around £3.4bn to child benefit and pensions rises and this will be raised from increases in taxes on the higher paid and the removal of the National Insurance Contribution ceiling on upper band taxpayers.

A further £1bn is set aside for Labour's industrial recovery programme.

In his speech yesterday, however, Mr Kinnock suggested that the "windfall" finance arising from reversing the tax cuts have already been targetted at education and health – areas which Labour hopes will turn out to be election-winning issues.

Mr Kinnock said: "We will take a lead by investing in capital works for the health service, the education service and for house building, to stimulate the construction and building supply industries."

He added that Labour would also get private finance into public railway projects in an effort to provide order for the engineering industries.

The Labour leader made clear, however, that the amount of new cash would be limited. "It is not an exhaustive list," he said.

His comments confirm some earlier indications that Labour will concentrate its shadow budget on areas where it cannot be accused of squandering money on consumer spending.

Its principal attack on the Tories' budget has centred on the danger of a boost to consumer spending merely increasing imports at a time when efforts should be concentrated on employment intensive sectors such as construction.

Labour has already made clear that it will phase the release of local authorities' capital receipts to begin a new programme of house building. But there is concern in the party leadership that if these are released too quickly they could run up against skills shortages.

Mr Kinnock steered a careful path in tackling the controversial debate over Scotland's future.

He said Labour's plans for an elected parliament would fulfil Labour's "constitutional contract" both with Scotland and the Union.

Clarke's anger at '1960s' peers'

MR KENNETH CLARKE, the education secretary, yesterday blamed a "farcical performance" by Labour and Liberal Democrat peers for the deletion of central provisions in the Education (Schools) Bill, Ivor Owen writes.

He claimed that a "collection of 1960s' peers" had been responsible for defeating the government and inserting an amendment designed to limit the choice school governors can exercise in deciding how their establishments should be inspected.

The amendment, which at the time of the defeat was said by Baroness Blatch, a junior minister, to have "torn the heart out of the bill", ensures that a centralised inspection system is retained.

Mr Clarke's caustic comments about the Lords reflected his frustration in having to accept the defeat inflicted by the Lords or lose the entire Bill because of the the current parliamentary session being curtailed by the general election.

Brown to stand against Labour

MR Ron Brown, deselected by the Labour party in his Leith constituency, is to stand against the official party candidate in the general election.

Mr Brown said he had "tried by all reasonable means including legal action to have this undemocratic decision reversed. But to no avail."

At the 1987 general election he had a majority of more than 11,000.

Mr Richard Ryder, chief whip, said in a terse letter to Mr Brown that if he were ever re-elected to Parliament he would not be offered the party whip.

Whip withdrawn from rebel MP

CONSERVATIVE business managers at Westminster have withdrawn the party whip from Mr John Browne, Tory MP for Winchester, after his decision to stand against the officially selected candidate in the seat on April 9.

The penalty, the ultimate sanction of Whips at the Commons, means Mr Browne is no longer a member of the Parliamentary party. However it will have little impact in practice, with MPs rising for the election on Monday.

Ashdown sets hectic pace

By Ralph Atkins

MR PADDY Ashdown launched the Liberal Democrat general election campaign almost single-handedly yesterday, with hectic trips to Wales and Scotland and a plea for Labour and the Tories to address his "positive, hopeful" agenda for Britain.

Opening the Liberal Democrats' first London election press conference, Mr Ashdown shrugged off opinion polls showing a dip in his party's support in recent days. His task was to "liberate" the "reservoir of potential out there for this party".

Accompanied only by Mr Des Wilson, the party's campaign director, he released a letter he has written to Mr John Major, the prime minister, and Mr Neil Kinnock, Labour leader, calling on them to shun negative campaigning. Later he flew to Edinburgh and Cardiff for similar press launches.

The Liberal Democrats have constructed a hi-tech press conference facility in the Gladstone Library of the National Liberal Club in Westminster. It includes nine television monitors for graphics displays, juxtaposed with dusty volumes on the library's shelves.

Mr Ashdown signalled his determination to capture the moral high ground with a slick campaign that eschews personalised attacks on Labour and the Tories. He said he was not afraid to push potentially unpopular policies – such as the Liberal Democrats' pledge to increase the basic income tax rate by 1p to bring an extra £2bn for education spending.

"We will say the things that need to be said, even when this makes uncomfortable listening," he said.

Most of the party's 21 other MPs will stay in their constituencies for the campaign, with occasional forays to London.

Mr Ashdown's letter calls on Mr Major and Mr Kinnock to set out how they would end the recession, protect the environment, invest in education, and reform Britain's democracy. "Liberal Democrats have clear and positive answers to these vital questions," he said.

Finding favour: Jenny Curgenven getting ready to fulfil general election rosette orders

Switch from poodles to politicians

FOR ROSETTE makers Tony and Jenny Curgenven the Tory choice of an April general election could not be better – timed as it is before the start of the dog show season, Chris Tighe writes.

Turning their attentions from chihuahuas and Great Danes to politicians, the couple and their six staff will produce tens of thousands of rosettes over the next few weeks, to be worn from Wales to Durham.

Dalsetter Designs, based in a former school in East Ardsley, near Wakefield, West Yorkshire, is one of more than a dozen rosette makers likely to be burning the midnight oil to fulfil election orders. "It will help us out tremendously, it'll pay off a few bills," said Mr Curgenven yesterday.

He has already had a taste of election fever. His company's decision earlier this year not to quote for a Conservative party order of 1m rosettes has been wrongly interpreted by the media, says Mr Curgenven, as an indication of his political affiliations. In fact, such an order was just too big for a small business like his to handle. No way was Mr Curgenven, who prefers to keep his political views private, going to risk letting down his pigeon-fancying, dog-owning regulars.

The company is producing rosettes for both Labour and the Tories.

After April 9 Mr Curgenven will be back to rosettes for dog shows and gymkhanas. But he would not object to a hung parliament.

Minister signs off with a row

By Ivor Owen

MR Alan Clark, the minister for defence procurement, last night brought his ministerial career in the Commons to a remarkable close with a fierce attack on a Conservative colleague, Mr Hugh Dykes, MP for Harrow East.

A debate about the failure of GEC Marconi, whose Stanmore headquarters are in Mr Dykes's constituency, to secure the contract for the new advanced short-range air-to-air missile system, developed into a bitter exchange of insults.

Mr Clark, who is not seeking re-election as the MP for Plymouth Sutton, admitted that his "idiosyncratic behaviour" had caused difficulties with political opponents and allies.

But calls for his resignation had largely been of a jocular kind, he said, except for one by Mr Dykes.

Mr Clark said Mr Dykes had made his position absolutely clear by calling on the prime minister to sack him in a "full frontal" television programme. The appeal had been widely publicised, but had fallen on deaf ears.

He explained that against this background he had suggested that another minister should reply to yesterday's debate, but Mr Dykes had insisted that he should undertake the task.

Mrs T still arouses voters' passions

By David Owen

IT'S a funny old world.

Nearly five years ago, on May 15, 1987, Mrs Margaret Thatcher – mistress of all she surveyed – proclaimed the triumph of popular capitalism to euphoric Scottish Tories in Perth in her first salvo of the general election campaign.

Yesterday the former prime minister started her contribution to the current contest by pressing the flesh in a dowdy pedestrian precinct at the opposite end of the country. It was a poignant illustration of the fickleness of power.

In her 1987 speech the tone was characteristically martial and moralistic. Socialism was in retreat. Labour had "lost its grip on reality". There was a strong moral case for reducing taxation.

Yesterday, far from the perils of Labour's 1987 "iceberg-manifesto" – with one-tenth of its socialism visible and nine-tenths below the surface – the outgoing MP for Finchley spent a tranquil afternoon crossing the Solent. Among the few convictions she voiced was her belief in the policies of her "excellent" successor. "They were my policies first," she said, alighting at Cowes.

The purpose of yesterday's south coast visit was to lend support to Mr Christopher Chope and Mr Barry Field, MPs for Southampton Itchen and the Isle of Wight respectively, and faithful bearers of the Thatcherite standard.

Neither constituency is exactly marginal – both MPs have the luxury of 6,000-plus majorities – but neither is traditional Tory territory. Mr Chope defeated Mr Richard Mitchell, the Labour defector to the SDP, in 1983.

Mr Field upset the Liberals four years later, winning the seat in the slow-paced holiday and retirement island.

It was curious, then, that Mrs Thatcher came dressed predominantly in black. One could only conclude it was in deference to Mr Field's profession – the family firm is big in crematoria – rather than a prediction of the result on April 9. As she emerged from the offices of the Southern Evening Echo, flanked by a beaming Mr Chope, a hearty cheer went up from the 150-strong crowd of shoppers milling around.

There was hissing, too – and the contrasting reactions continued as she proceeded, at the centre of a frantic media scrum, in the general direction of Ratner's.

"What about the poll tax?" shouted some. Others yelled: "Maggie, we love you." Clearly Mrs T had lost none of her ability to arouse both adoration and deep antipathy.

She-who-must-be-obeyed still has the power to inflict mortal damage on Mr John Major's campaign by lifting a finger out of line, as his advisers well know. That was the sub-text to the gift of flowers to her from the prime minister this week.

Conservative Central Office will be mightily relieved when her campaign – started Friday the 13th – ends with a trans-Atlantic flight on April Fool's Day.

City doubts will ease, MacGregor tells critics

By Ivor Owen, Parliamentary Correspondent

INITIAL DOUBTS in the City about the effectiveness of the Budget will be dispelled as the general election campaign gathers momentum, Mr John MacGregor, leader of the Commons, said yesterday.

Replying to taunts from the Labour benches that the City had given the Budget the "thumbs down," he said: "Like all good things people come to appreciate them better the more they study them."

MPs approved the Finance Bill embodying the key Budget proposals after Labour and Liberal Democrat MPs failed in a last-ditch attempt to block the introduction of a 20p lower rate income tax band for the first £2,000 of taxable income.

The relevant clause was approved by a government majority of 182 (325-143) and, with the parliamentary guillotine used to curtail debate, the bill was rushed through all stages in just over two hours.

The House of Lords will formally approve the bill on Monday before parliament is dissolved.

Mr Jack Cunningham, Labour's campaign co-ordinator, argued that the action taken to restrict debate on the bill reflected the government's desperation "to get its bribe on the statute book".

He claimed that the City's verdict on the Budget showed that the launch of the Conservative party's election campaign had stalled.

To Labour cheers Mr Cunningham scoffed: "The rocket motor has simply fizzled out like a damp squib".

He said Labour MPs were opposed to the 20p lower rate band because they believed that any money available "in these desperately difficult financial circumstances" should go into investment.

Mr David Mellor, chief secretary to the Treasury, recalled that Mr John Smith, the shadow chancellor, had advocated a lower rate income tax band as recently as last month. By opposing the 20p band, he said, Labour MPs were sacrificing their aims on the "altar of a false and superficial commitment to fiscal probity".

Mr Mellor confirmed that if the government secured a renewed mandate a second finance bill running to 75 pages of legislation would be introduced to implement the reduction in inheritance tax and the other outstanding Budget proposals.

His assertion that a "lot less" than 800 additional staff would be needed to administer the 20p rate band was strongly disputed from the opposition benches.

Mr Alan Beith, the Liberal Democrat spokesman on treasury affairs, suggested that the additional staff needed would make it "the greatest job-creation element in the Budget".

He said the chancellor's proposals amounted to a "political gamble" which offered no hope of getting Britain out of recession.

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Action on car tax oversight

By John Griffiths

THE government yesterday rectified a Budget oversight which could have proved very costly to car and motorcycle dealers.

Under the proposed Special Car Tax rules dealers had been faced with the prospect of having to charge customers the new 5 per cent rate to cars and motorcycles in stock, even though they had already paid the old 10 per cent rate.

The Retail Motor Industry Federation, the dealers' trade organisation, said that up to 20,000 cars at various stages in the supply pipeline could have been caught in the trap at a cost of several million pounds had ministers not intervened.

Winding up the second reading debate on the Finance Bill to enact the Budget measures, Mr Francis Maude, the Treasury Financial Secretary, told the Commons yesterday dealers would be allowed to claim refunds on all such vehicles.

Customs and Excise has introduced an extra-statutory class concession to enable refunds of the tax differential to be made in respect of tax-paid stock which was held by dealers but unsold on March 10.

The announcement came as Vauxhall, Ford's arch rival, responded to deep price cuts in some of Ford's cheaper models in the immediate aftermath of the Budget.

Vauxhall has declined to cut prices but said that it was adding value worth up to £850 to some of its models. Mr Bill Ebbert, Vauxhall chairman, insisted that Vauxhall's cheapest Nova small hatchback was still £600 cheaper than the equivalent Ford Fiesta even after the latter's price cuts.

Finance Bill puts the first parts of Lamont's Budget in place

Emma Tucker reports on details of the financial measures passed in the House of Commons yesterday

THE FINANCE Bill enacting part of the Budget statement was passed in the Commons yesterday before dissolution of Parliament on Monday.

Some of the announcements made in the Budget are not included, such as the move to limit the rise in the uniform business rate to the rate of inflation and the 100 per cent exemption on inheritance tax for small businesses. These will be enacted in legislation if the Conservatives win the general election.

Many of the provisions in the 11-clause bill come into operation automatically. These include the new levels of personal and age-related income tax allowances, the capital gains tax annual exemption and the pensions earnings cap for 1992-93, all of which were indexed in line with inflation.

Other changes which do not require legislation include the changes in PEPs to remove the £3,000 limit on on investment in unit or investment trusts and the changes to the income tax car benefit scale.

Provisions requiring legislation include the introduction of the 20 per cent income tax rate on the first £2,000 of taxable income for 1992-93 and the freezing of the level of the married couple's allowance and the basic rate limit.

The bill confirmed the changes in the rates of excise duties, car tax and value added tax penalties. It also gave the Treasury powers to order the biggest VAT payers to make monthly payments on account.

Among other VAT changes were the rise in the registration threshold, small extensions to relief for charities and recovery of the tax on cars bought for certain businesses.

Two Budget measures will be enacted only in part. The inheritance tax threshold will rise to £147,000 from April 6, in line with inflation – but legislation will be required to raise it to £150,000 from March 10. Scale charges on car fuel will rise only in line with inflation. Legislation will be required to introduce a separate scale with lower charges for diesel fuel.

The bill is made up as follows:

Clause 1 increases by 4.5 per cent the rates of excise duty on spirits, beer, wine, made-wine and cider. The changes have effect from 6pm on March 10, the day of the Budget.

Clause 2 increases the rates of duty on tobacco products by 10.4 per cent for cigarettes, 4.5 per cent for pipe and chewing tobacco and 10 per cent for cigars and hand-rolling tobacco. The changes have effect from 6pm on March 10.

Clause 3 increases the rates of excise duty on hydrocarbon oils by 7.5 per cent on leaded petrol and other light oils and 4.5 per cent on unleaded petrol, DERV, fuel oil, gas oil, other heavy oils and light oil used as furnace fuel. The changes have effect from 6pm on March 10.

Clause 4 raises to £110 the rate of vehicle excise duty for private cars, light goods vehicles, taxis and all other vehicles currently licensed at £100 a year. It also introduces a rate of £15 for tricycles under 150cc. These changes apply to licences taken out after March 10 next year.

Clause 5 provides for a reduction in the rate of general betting duty from 8 per cent to 7.75 per cent, for bets placed on or after April 1.

Clause 6 enables the Treasury to make an order in the interests of the national economy to require payments of VAT on account in advance of the normal quarterly payment.

Clause 7 reduces the rate of serious misdeclaration penalty from 20 per cent to 15 per cent for a penalty assessed on or after March 11. The reduction does not apply to a supplementary assessment (a recalculation) when the original penalty assessment was made before March 11. The clause also reduces the maximum rate of default surcharge from 30 per cent to 20 per cent with effect from April 1. Other rates of surcharge are unchanged.

Clause 8 reduces the rate of car tax from 10 per cent to 5 per cent with effect from March 11.

Clause 9 provides for the introduction of a lower rate of income tax, at 20 per cent on the first £2,000 of taxable income.

Clause 10 imposes income tax for 1992-93 and sets the rates at 20 per cent for the lower rate, 25 per cent for the basic rate and 40 per cent for the higher rate. It overrides statutory indexation to keep unchanged the levels of the married couple's allowance for those under 65 and the basic rate limit. It also maintains at £30,000 the limit on mortgage interest relief.

Clause 11 specifies the short title of the bill and deals with interpretation.

Treasury Orders which have been made to implement Budget changes are:

The Income Tax (Indexation) Order 1992, the Capital Gains Tax (Annual Exempt Amount) Order 1992, the Retirement Benefits Schemes (Indexation of Earnings Cap) Order 1992, the Income Tax (Cash Equivalents of Car Benefits) Order 1992, the Personal Equity Plan (Amendment) Regulations 1992, the Value Added Tax (Increase of Registration Limits) Order 1992, the Value Added Tax (Charities and Aids for Handicapped Persons) Order 1992, the Value Added Tax (Cars) Order 1992, the Value Added Tax (Treatment of Transactions) Order 1992, Value Added Tax (Increase of Consideration for Fuel) Order 1992, the Inheritance Tax (Indexation) Order 1992, the Income Tax (Cash Equivalents of Car Fuel Benefits) Order 1992.

Burlington footwear group in receivership

By John Thornhill

BURLINGTON International Group, the footwear manufacturer, yesterday called in administrative receivers after amassing unsustainable levels of debt, which are estimated at £10m.

A total of 1,200 jobs in the Midlands, Ayrshire and London were put at risk by the company's collapse. Ernst & Young, the receivers, immediately made 200 employees redundant, mainly in Northampton.

In a further blow to the Midlands economy, Albert Martin Holdings, a clothing supplier, announced it would make 195 compulsory redundancies by stopping production at its Nottingham factory in June. The group has a workforce of 4,300.

Burlington International Group was formed when a management group, backed by Schroder Ventures, the venture capital company, paid £10m for 15 British Shoe Corporation factories owned by Sears.

At that time the BSC factories had annual sales of £50m but Burlington expanded rapidly by acquiring a string of financially troubled rivals.

The company's pension fund later made significant investments in the business. The receivers said they had been informed by the trustees that all pension commitments were fully covered.

Northampton-based Burlington was the third-largest footwear manufacturer in the UK until it closed six of its nine Northampton factories in January, shedding more than 500 jobs.

The company also has production plants at Kilmarnock, Ayrshire; Wembley, north London; Atherstone, near Birmingham; and Kettering, Northamptonshire. It ran six loss-making retail outlets.

Industry observers believed that the receivers might find buyers for Burlington's Kettering and Kilmarnock plants but would find it more difficult to sell the Northampton units. The receivers said that several potential buyers had expressed interest in parts of the group.

Mr Nicholas Calvert, the director-general of the British Footwear Manufacturers' Association, said: "The recession has put enormous pressure on the industry. Manufacturers have been caught between falling sales and rising occupancy costs. Rents have spiralled upwards and the uniform business rate has been an additional heavy burden."

Retailers have been buying an ever-increasing proportion of footwear from overseas in an attempt to keep prices low. Sears, owner of British Shoe Corporation, by far the biggest retailer of footwear in the UK with almost one-fifth of the market, now places orders in many overseas countries, including Vietnam and mainland China.

Yesterday it said the collapse of Burlington would have a "negligible impact" on supplies.

Mr Calvert said: "Retailers have been cutting back on ordering in the UK and have bought at the lowest cost they can get. All the pressures on the retailer have been magnified for the manufacturers."

Trevor Humphries

Musical offering: Christie's is to auction two virtuoso Stradivari instruments in London on Wednesday. The Bonjour violoncello, dating from about 1690, is expected to fetch between £600,000 and £800,000, and the Schreiber violin between £300,000 and £350,000

Lewis's pension trustees may take legal action

By Norma Cohen, Investments Correspondent

LAW Debenture Corporation, trustees of the pension fund of the Lewis's stores group, which went into receivership last year, are considering legal action against the former trustees claiming they may not have acted in the best interests of beneficiaries.

While there are no allegations of fraud or that the trustees benefited personally, Law Debenture is questioning two transactions which appear to have benefited the company at the expense of beneficiaries.

The former trustees were all executives or directors of Lewis's, which was formed in 1988 as part of a management buyout from Sears. When the buyout occurred Sears transferred pension assets to Lewis's intended to cover its former employees' pension liabilities and to provide a surplus.

Lewis's crashed early last year with debts of £50m after its bankers refused to extend overdraft facilities.

Law Debenture said that although the investments deprived pension fund members of about £3m out of a £14m fund, it had enough funds to meet all obligations to pensioners and was likely to be able to meet the cost of likely new laws requiring equal pensions for men and women.

It is examining the pension fund's decision to purchase from Lewis's a derelict building in February 1990 for £2.4m. This represented about a quarter of the fund's assets at the time. The building had been purchased by Lewis's for the same amount the year before, just as UK property prices were beginning to soften. A spokesman for Law Debenture said there was no evidence that a full independent valuation of the property was made at the time of the sale to the pension fund.

Solicitors for the former trustees, Ellison Westhorp, said the trustees viewed the property as an excellent development site which was likely to appreciate sharply. They believed its eventual sale would cover any future contributions Lewis's would have to make to the fund.

Negotiations for the sale of the property are set to be completed shortly with the pension fund expected to lose about £1.6m on the transaction.

Law Debenture is also questioning the extension of an unsecured £1.25m loan in August 1990, six months before the company went into receivership and when it was already experiencing financial difficulties. Although interest was to be paid at a rate close to current bank base rates, Law Debenture believes the terms were more generous than a commercial lender would have extended on an unsecured loan to Lewis's given its financial difficulties.

Maxwell receivers to sell Mirror Group HQ

TEN BUILDINGS in London's Holborn, including the Mirror Group headquarters and Maxwell House, have been put up for sale by Grant Thornton, the receivers to Robert Maxwell Estates, Vanessa Houlder writes.

The buildings, which cover nearly three acres bounded by Fetter Lane and New Fetter Lane, were valued last year at £120m, although the value has fallen sharply since then. Nearly 20 per cent of the 600,000 sq ft of space is empty.

Robert Maxwell Estates had obtained planning permission to redevelop the site with 500,000 sq ft of offices and 250,000 sq ft of retail property.

Weatherall Green & Smith, property consultants, said there was interest in the site as a whole, although the collapse in the property market made the redevelopment unviable.

Convention on law to be reviewed

By Andrew Jack

THE LAW LORDS are to review the long-standing legal convention that statements made by a minister in promoting an act of parliament cannot normally be looked at when a court is interpreting the act.

The review has been prompted by a case concerning a schoolmaster who was granted tuition fees for his son at the school where he taught at 20 per cent of the normal rate.

The Inland Revenue argued that this concession was a taxable benefit.

During the passage of the 1976 Finance Bill Mr Robert Sheldon, then chief secretary to the Treasury, argued that the taxable liability on school fees would be very small. There is no reflection of this statement in the act.

When the case reached the House of Lords seven law lords decided that a Lords appellate committee should consider "whether and in what circumstances parliamentary debates on a bill may be used as an aid to construction of the ensuing act."

Mr Michael Bishopp, a partner with accountants Price Waterhouse, said a decision in favour of the Inland Revenue could affect many employees – for example, transport and entertainment workers who receive cheap tickets.

London Clubs faces threat to gaming licences

By David Spanier

THE POLICE and the Gaming Board have applied to magistrates for cancellation and non-renewal of gaming licences held by London Clubs, calling the company "not fit and proper" to manage casinos – the gravest charge in British gaming regulations.

The decision follows a raid in June on the main casinos owned by London Clubs. Detailed grounds for the action, which run to several pages, were given to London Clubs' management yesterday.

London Clubs' casinos include the Ritz Club in Piccadilly and the recently opened Les Ambassadeurs at the end of Park Lane. It also manages the Carlton casino in Cannes.

The company, which has vigorously denied any wrong-doing, intends to defend its record point by point in the licensing hearing, expected to start late next month.

Mr Max Kingsley, managing director of London Clubs, said last night: "Now that we have seen the grounds for the objections our position is simply that we have found nothing in them that would justify cancellation or non-renewal of our licences. We shall be fighting the case all the way."

The hearing is expected to last four or five weeks.

Disposal of the properties to a new operator would be difficult to arrange, after recent Gaming Board moves to tighten up the transfer of licences. If the magistrates granted cancellation the premises could not be used for gambling for three years.

Annual profits of London Clubs are estimated at £20m. The recession has made life tougher for casinos, but London Clubs' managers claim they are holding their own.

The raid in June came days before a planned flotation of shares in London Clubs – 250 police and the Gaming Board inspectorate went into the clubs and removed about 60,000 documents.

The Gaming Board declined to have any contact with the company to explain its action, until yesterday's official decision to proceed against it.

What the police were looking for has never been revealed. The detailed grounds given yesterday are understood to cover eight different matters, only one of which is claimed to be a breach of the Gaming Act.

Scottish union official removed

MR DAVID SHOAT, Scottish regional secretary of the TGWU general union, has been removed from his post by the union's general executive committee.

Mr Shoat was among several of the union's 11 regional secretaries who was appointed during the brief period in the mid 1980s when the general executive committee was dominated by the union's rightwing grouping. The committee is now dominated by the left.

The vote effectively to demote Mr Shoat was unanimous. He will be allocated new duties.

The administration of the region has been taken over, temporarily, by Mr Harry Timpson, who previously worked as regional finance officer in Glasgow.

BBC report suggests review which could cut 10,000 jobs

By Raymond Snoddy

THE BBC should review the potential for contracting out all its activities, which could cost up to 10,000 jobs over the next five years, according to an internal working party.

The radical recommendations are contained in a confidential report by one of the 15 task forces set up to look at every aspect of the BBC's role in advance of the renegotiation of its Royal Charter, which runs out in 1996.

Recommendations from all the task forces are being collated and will be considered by the BBC board of management and governors in May.

The task force on BBC services argues that all BBC activities should be reviewed this year to see whether they are suitable for contracting out. Some BBC departments could even be "privatised" by sale or management buy-out.

The committee, chaired by Mr Bob Pugh, general manager of administrative services at London Television Centre, says implementation should start by early next year.

The document, leaked to the Bectu broadcasting union, says: "Rapid implementation would help show politicians, civil servants and the public that the corporation has a genuine commitment to becoming leaner and more efficient."

At the beginning of last year there were about 23,500 staff in the home services of the BBC – 25,000 including BCC Enterprises and Open University production staff. The savings mentioned in the report would come from buying in services and from Producer Choice, the BBC initiative allowing producers to buy services on the open market.

The process would release "significant funds for programme making".

Mr Michael Checkland, BBC director general, has repeatedly emphasised that the corporation would remain a significant programme producer.

Mr Roger Bolton, the Bectu official responsible for BBC members, said yesterday: "What you are looking at is the disintegration of the BBC as a programme maker." He did not believe that the governors and board of management were approaching "these fairly strident recommendations" with an open mind.

Earlier this month Mr Robin Corbett, Labour's broadcasting spokesman, wrote to Mr Checkland warning that the nature of the corporation was being changed irreversibly in advance of a public debate getting under way.

The future shape and size of public service broadcasting could not be decided by BBC staff alone. Mr Corbett said that was a matter for the public and parliament "and I do not want the BBC taking decisions now which will narrow the options in 1996".

Former Liverpool leader interviewed

A FORMER leader of Liverpool City Council was interviewed by fraud squad officers yesterday after police launched a new phase of an investigation into alleged council corruption.

Merseyside police said Mr Keva Coombes, a solicitor, had not been arrested but had attended a police station of his own accord for interview.

More than 100 officers yesterday executed search warrants at 11 Merseyside addresses and one in London. Two people on Merseyside and one in London were arrested in the fourth phase of Operation Cheetah, a long-running probe into alleged corrupt land deals.

Mr Rex Makin, Mr Coombes' solicitor, said his client had not been charged or had any allegations put to him.

Return for MG sports cars

ROVER GROUP announced yesterday that MG sports cars are to make a comeback after a 13-year absence, although only as a limited production model at first.

A few hundred hand-built cars, using modified versions of bodies already produced by a Rover Group subsidiary for the classic car restoration market, will go on sale from September.

The car will be called the MG RV8, and will be powered by a version of the 3.9-litre engine used in the Range Rover. It is expected to sell for about £26,000.

MPs in split over 'supergun' report

By Ralph Atkins

MPs investigating the Iraqi "supergun" affair split yesterday over a report which criticises officials but stops short of attacking the intelligence services and ministers.

The cross-party trade and industry select committee approved, by six votes to four, a report in time for publication on Monday – hours before the House of Commons rises until after the general election.

Four Conservative MPs on the committee tried to block the report, partly because they believe criticisms implied in it have not been properly substantiated or investigated.

One, Mr Keith Hampson, Tory MP for north-west Leeds, voted against the report because he wanted further inquiries into fresh allegations about how much was known by Sheffield Forgemasters, one of the companies at the centre of the controversy.

The Department of Trade and Industry has said it was not fully briefed about the Iraqi project until March 1990, when eight sections of steel tubing manufactured by Sheffield Forgemasters were seized by customs officials at Teesport near Middlesbrough.

At least two of the Tories also opposed a paragraph which says Customs and Excise impeded the committee's investigation by refusing to answer questions fully because of their role as a prosecuting authority.

At the same time, the four Labour MPs on the Tory-dominated committee failed to win support for a series of amendments which argued that it was not credible that the security forces were unaware of the so-called "Project Babylon" prior to March 1990.

The Labour MPs also failed to insert amendments questioning whether the information available should have been passed to ministers.

The report blames officials at the DTI and at the Ministry of Defence for not pooling information which, if put together, should have provoked suspicions much earlier. It suggests, however, the mistakes were innocent, rather than part of a conspiracy.

There is also mild criticism of two companies involved – Sheffield Foremasters and Walter Somers for not investigating further the true purpose of the parts they were making.

Call for no change in A-levels

By Andrew Adonis

A-LEVELS should remain largely unchanged but with strict limits on non-examined coursework, the School Examinations and Assessment Council said yesterday.

The council, which is the government's advisory body on examinations, published principles for the development of A-levels, which are the main exams taken by 18-year-olds for entry into higher education in England and Wales. The principles include an obligation to limit coursework to no more than 20 per cent of each A-level course.

Lord Griffiths, the council's chairman, said: "The implementation of these principles will increase the acceptability of AS examinations and lead to an increasing breadth in the programmes of A-level students."

Mr Kenneth Clarke, education secretary, has indicated support for the principles. Labour and the Liberal Democrats are committed to abolishing the council and replacing the A-level with a broader post-16 examination.

Bank tries to calm nervous London money markets

By Peter Marsh, Economics Staff

THE Bank of England has acted to calm nervousness in the money markets about the possibility of a rise in base rates following the election.

The moves were rewarded yesterday when the three-month interbank rate, which shadows base rates, closed a fraction lower, indicating the market's view that the probability of an early rise in base rates had diminished. Nonetheless jitters remain in the markets that the new government may have to increase rates to stop sterling slipping beneath its limit in the European exchange rate mechanism (ERM).

The change has been driven by market speculation that Labour, ahead in the opinion polls, has a good chance of forming the next government.

One theory in the markets is that either development would lead to nervous international investors switching funds out of sterling. As a result, the new administration might have to increase base rates, which have been held at 10½ per cent for six months.

In its routine activities in distributing money to the banking system, the Bank has attempted to dampen speculation about a rate rise by handing out large amounts of money early in the working day. Such measures have the effect of steering the market to lower rates.

Yesterday, the Bank offered £709m to the banking system in exchange for bills in the morning, out of a total shortage predicted for the day of £750m. Partly because of this, the three-month rate eased by $\frac{1}{16}$ of a percentage point, to close at about 10⅞ per cent.

Prior to yesterday's operations, the three-month rate had risen by about ⅜ percentage point in three weeks.

The market's anxieties about a rate rise have been focused on the period after the election, since an increase before this is considered highly unlikely.

Should sterling come under strain in the ERM ahead of the poll, the Treasury would probably authorise the Bank to intervene on currency markets to increase its value.

The need to increase in base rates in the near future would be bitterly resisted by the next government, of whatever political complexion.

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Labour seen as 'no threat' to training reform

By Lisa Wood, Labour Staff

A LABOUR election victory would not threaten existing government moves to reform training in Britain, according to a survey of the business executives appointed to oversee the reforms.

Of the private sector respondents in the survey, which questioned board members of the 82 Training and Enterprise Councils (Tecs), 20 per cent said Labour would have a positive effect on training and 52 per cent said the effect would be neutral. Twenty-one per cent said a Labour government would damage Tes and 7 per cent did not reply.

Although Tec directors in principle support the government's contention that employers should shoulder more of the cost of training, they expressed concern in the survey, conducted by the Financial Times, over cuts in state funding to training programmes in 1992/93 and said the quality of programmes could be affected.

Most Tec directors, however, showed broad satisfaction with the progress of Tecs which were launched two years ago by Mr Michael Howard, the Employment Secretary to bring about change in attitudes towards training in the UK .

A minority of these private sector executives, many drawn from the country's largest companies, supported statutory moves to promote training within companies, such as the return of a training levy on those companies which do not train to a minimum level. This is proposed by Labour.

Directors, including a number of trade union members and public sector executives, were satisfied with progress in a number of areas including relationships with schools in their areas. A majority were, ambitious to expand their role and take over all the small business initiatives of the Department of Trade and Industry.

They voiced criticism of their progress to date in promoting and improving training within companies. One Tec director wrote: "Tecs do not embrace, or have the powers to involve, employers not committed to training."

The relationship between Tecs and the Department of Employment is also perceived as being in need of re-negotiation with Tecs, which deliver the government's two main training programmes, Youth Training and Employment Training, the scheme for the adult unemployed, calling for increased flexibilities in how they deliver the programme.

Tec directors describe the main strengths of Tecs as their ability to respond to local training and skill needs. Main weaknesses include the lack of adequate funding to carry out their several objectives and continuous policy changes.

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Paramedics help a Kurdish protester injured in violent clashes with police outside the Turkish embassy in London. Police launched an inquiry into the incident which occurred after more than 20 Kurds tried to storm the building

Shirayama pays £60m for County Hall

By Emiko Terazono in Tokyo

SHIRAYAMA Corporation, the Japanese property company, disclosed yesterday that it had agreed to pay £60m to acquire buy County Hall, the former headquarters of the Greater London Council (GLC).

The new owner of the complex, sited on the south bank of the river Thames opposite Westminster, is a relatively small Japanese real estate group which includes a MacDonald's hamburger franchise, a few health clubs, and a golf driving range among its interests.

It is not the first European acquisition by the Osaka-based group. Three years ago it bought the Villa Magna hotel in Madrid for £48m.

A spokesman for the company said Shirayama is fairly confident its £60m investment will pay off, adding that "whatever happens, London will be the centre of Europe". However, the company's move comes at a time when Japanese real estate developers are contracting overseas projects due to problems at home, triggered by sharp falls in domestic land prices.

Founded in 1921 and capitalised at Y100m, the private company has about 100 full-time employees and another 1,200 part-timers working behind the counters at its fast-food restaurants and health clubs.

Shirayama, although little-known in Japan due to its size, has its origins in a money-lending business dating back to the 1800s, but it is better known today for their extensive real estate holdings in the Osaka region.

Mr Takashi Shirayama, the 55-year old president, drives a Mercedes Benz and has a taste for French wine. He also has a personal interest in things British, and has said that he appreciated the respect with which his company has been treated in London.

Under Mr Shirayama, who married into the family and is a former employee of Dentsu, the Japanese advertising agency, the company has gradually expanded its interests.

Apart from the Madrid hotel, the only other overseas investment is a $70m golf resort under construction on Rota Island, near Guam, a popular Pacific holiday destination for Japanese. For the year to end March 1991, the company reported income of Y2.5bn.

A company official described the decision to purchase County Hall as a "gamble", pointing out that Mr Shirayama is fond of a Chinese anecdote advising that one should test one's luck at least once in a lifetime. British courtesy was another factor apparently affecting Shirayama's purchase.

"In Japan, it's hard for a small non-listed company like us to gain respect, but in the UK, privately owned companies are respected." adds the official.

Shirayama had joined other 27 Japanese companies, including real estate affiliates od Mitsubishi Trust Bank, in a bid for County Hall in 1990, but the consortium collapsed after the Mitsubishi companies withdrew.

Shirayama says the southern half of the building is to become a hotel, and the northern half will be converted into apartments and conference facilities. But the company's plans may be dashed if the forthcoming general election is won by the opposition Labour party, which has said it will prevent the sale going through.

Insurers warn of increase in aviation rates

A new spate of air crashes could lead to multi-million dollar claims for aviation insurers, adding for to pressure for rate increases.

News of the losses, including aircraft this week in New York and Athens, emerged as aviation insurers warned that premium rates are still not high enough.

According to one aviation insurance broker: "With losses from 14 major accidents so far this year producing claims of around $170m this has been the worst first quarter for aviation insurers for some time."

Insurance complaints rise

The number of complaints about UK insurance services rose 64 per cent last year, according to Mr Julian Farrand, the insurance ombudsman.

He said the rise had been caused by the recession, which gave consumers more incentive to complain, and the impact of the Financial Services Act, which has tightened regulation.

Complainants were successful in only 32 per cent of cases, but the money awarded as a result totalled £5m.

Engineers get low pay deals

Pay agreements among engineering companies were at their lowest level for at least four years in the quarter to the beginning of March, according to a survey by the Engineering Employers' Federation. The survey also show a resurgence in pay freezes, where no increase was awarded for the foreseeable future.

England leads crime league

England and Wales are top of the European crime league, according to Interpol figures.

Between 1980 and 1990, the number of recorded offences in England and Wales rose by 69 per cent, from 2.68m to 4.54m. And since 1990 they have increased to more than 5m.

Second in the 1980-90 Euro-crime league is West Germany (prior to reunification) with a 16.8 per cent increase from 3.81m offences to 4.45m. France is third with a 28.4 per cent rise from 2.62m to 3.37m.

Lloyd's Names take action

The list of countries where Names are taking legal action against Lloyd's of London, the international insurance market, has grown to include Australia, as well as Canada, the US and the UK.

The Supreme Court of Victoria has granted an interim injunction to Mr Emlyn Williams, a Melbourne-based Name, preventing the payment to Lloyd's of the equivalent of £58,000 from a financial guarantee lodged with the National Australia Bank (NAB).

Names are the individuals whose assets provide the insurance market's capital. More than 600 of the market's 22,400 Names are Australian nationals with average commitments of A$350,000.

SMA seeks aid for industry

The UK has not paid sufficient attention to the needs of industry, particularly with regard to much needed tax incentives for training and R&D, according to the Semi-conductor Manufacturers Association (SMA).

The UK industry association, which is part of the Electronics Components Industry Federation and includes eight of the world's top ten semiconductor manufacturers, called for tax incentive proposals for training and R&D, which it believes is crucial to raise UK output.

FT LAW REPORTS

Writ can be served in Pennsylvania

ISC TECHNOLOGIES LTD AND ANOTHER v GUERIN AND OTHERS

Chancery Division: Mr Justice Hoffmann: March 17 1992

THE TIME for examining the appropriateness of an English forum on an application to set aside leave for service of a writ abroad, is when leave was granted, and not when the application to set aside is heard, unless further evidence or subsequent events throw light on what should have been relevant considerations at the time. And accordingly, irrespective of whether judgment has been entered against most of the original defendants and those remaining may not be worth pursuing, leave will be upheld if it was properly granted in that at the time England was the appropriate forum for trial of the action and the other requirements for service abroad were satisfied.

Mr Justice Hoffmann so held when refusing an application by Mr Stuart Pindell, the 10th defendant to an action by ISC Technologies Ltd and ISC London Ltd against Mr James Howard Guerin and others, to set aside an order by Master Barratt giving leave to serve proceedings on him in Pennsylvania.

HIS LORDSHIP said that the plaintiffs were English companies whose principal business was selling arms to foreign countries. They were subsidiaries of International Signal and Control Group plc (ISC) which in 1987 merged with Ferranti plc. Mr Guerin was founder and executive chairman of ISC.

The plaintiffs claimed that between 1983 and 1989, Mr Guerin and other persons in the ISC group conspired to commit a complex fraud. They created fictitious contracts for the sale of arms to foreign countries, and fictitious contacts for the purchase of stocks and services to enable them to perform the sale contracts.

They represented to the companies' accountants, auditors, solicitors and bankers that the contracts were genuine and thereby falsely inflated the profits which ISC appeared to be earning.

That enabled Mr Guerin to deceive Ferranti into agreeing to a merger upon advantageous terms.

They also made payments out of the companies' funds to Panamanian corporations controlled by Mr Guerin on the pretext that they were payments to suppliers. More than $180m of the companies' funds was diverted to the use of Mr Guerin and his associates.

The action was originally commenced against nine defendants: Mr Guerin, three of his associates and five Panamanian companies which Mr Guerin was alleged to have controlled. By the end of June 1990, final judgment had been entered against all except two.

On July 25 1990, Master Barratt gave leave under RSC Order 11 for service of proceedings on Mr Pindell out of the jurisdiction. Mr Pindell now applied under RSC Order 12 rule 8 to set to set the order aside.

Mr Pindell was an ISC director until 1986. He was responsible for securing and negotiating major contracts for international arms sales.

The principal allegation against him was that he knowingly participated in a fraudulent representation that a contract dated May 12 1984 had been concluded for the sale of missiles to the United Arab Emirates (UAE), when there had been no such contract.

He was also alleged to have participated in the pretence that goods and services were being ordered to enable the plaintiffs to perform the contract, and to have given the auditors a false version of a genuine contract between ISC and the UAE in 1986.

The relief sought against Mr Pindell was account and restitution, damages and account of profits.

The requirements for leave under RSC Order 11 were that the plaintiff had a "good arguable case"; the claim came within the "letter and spirit" of the sub-paragraph relied upon; and England was "the forum in which the case can most suitably be tried in the interests of all the parties and for the ends of justice".

As to whether the claims fell within the paragraphs of Order 11 rule 1(1), the claim for damages for fraudulent misrepresentation fell within (f) (action founded on tort within the jurisdiction); and the restitutionary claims came within (c) (necessary or proper party to the action).

The next question was whether the plaintiffs had a sufficient case on the merits.

Their case on the affidavits was that Mr Pindell was primarily responsible for negotiation of contracts with the UAE. He represented that the 1984 contract had been signed when, in fact, it had not. He gave the auditors a version of the 1986 contract appearing to contain clauses dealing with the 1984 contract and a payment which was said to have been made under it, when, in fact, no such provisions appeared in the real contract. He also signed amendments to two fictitious purchase contracts, and there was material to suggest he was involved in pretended implementation of the 1984 contract.

Mr Pindell's affidavit covered in detail the whole history of his association with the plaintiffs and the subtle intricacies of his negotiation of the 1984 and 1986 arms contracts with the UAE. His participation in many of the events which surrounded the production of those now admittedly bogus documents was uncontradicted. All that remained in issue was his degree of participation and state of knowledge.

Mr Crystal for Mr Pindell submitted that his affidavit, if believed, would exonerate him.

That was correct. On the other hand, if he was disbelieved, he would be held liable.

The plaintiff's case was sufficiently strong (assuming England to be the appropriate forum) to justify subjecting Mr Pindell to proceedings within the jurisdiction.

When the action was commenced, England was plainly the appropriate forum. The fraud was committed here and the facts had no strong connection with any other jurisdiction. The plaintiffs were English companies and the original defendants resided in diverse jurisdictions, including three of the United States.

Since then, proceedings against all but two of the original defendants had been terminated by judgment. For the purposes of the application, when must the appropriateness of an English forum be examined?

Mr Crystal said the court should look at the position today. He said an application to set aside leave under RSC Order 12, rule 8 was a rehearing of the application for leave and the exercise of a fresh discretion. It should therefore take into account what had since happened.

That was not accepted. The present application was to discharge the master's order. The question was therefore whether that order was rightly made when it was made. The court could receive evidence not before the master, and subsequent events might throw light on what should have been relevant considerations at the time. But leave which was rightly given should be not discharged simply because circumstances had changed.

The alleged fraud was committed in England on English companies. It had little connection with any other jurisdiction.

In *Cordoba Shipping [1984] 2 Lloyds Rep 91, 96* Lord Justice Robert Goff said: "If the substance of the alleged tort is committed within a certain jurisdiction, it is not easy to imagine what other facts would displace the conclusion that the courts of that jurisdiction are the natural forum."

What was there in this case to displace such a conclusion?

It was said Mr Pindell resided in Pennsylvania and that it would be hard for him to have to bear the expense of litigation in England. But that would almost invariably be the case when leave was given and was not sufficient answer.

If Mr Pindell came to the UK and participated in a fraud on English companies, it could not be unfair for him to have to defend his actions here. If the claim turned out to be ill-founded, he would be able to recover his costs, and in that respect was better off than in his home jurisdiction.

The *prima facie* conclusion to which Lord Justice Robert Goff referred was not displaced. England was the appropriate forum. The master was right to grant leave. The summons was dismissed.

For Mr Pindell: Michael Crystal QC and Charles Hollander (Clyde & Co).

For the plaintiffs: David Oliver QC and John Nicholls (Herbert Smith).

Rachel Davies

Barrister

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FINANCIAL TIMES
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Weighing the political risk

WHICH BUDGET matters most: the one delivered by Mr Norman Lamont on Tuesday or the one to be delivered by his Labour opposite number Mr John Smith next week? If the stock market's unhappy response to Mr Lamont's fiscal package is anything to go by, Mr Smith's version will have to be taken seriously. The market's verdict was supported by the initial evidence from the polls: the first post-Budget survey by Mori suggested that Labour had a narrow three-point lead.

Not that Mr Lamont should carry all the blame. The most striking feature of his Budget message was the unexpected extent of the deterioration in the public finances. From a surplus of half a billion in 1990-91, the public sector borrowing requirement (PSBR) is expected to jump to £28bn in 1992-93, after allowing for privatisation proceeds of £8bn. By 1993-94 it is expected to reach £32bn. Against all that, the chancellor's £1½bn handout scarcely deserves to be called a bribe. His room for manoeuvre was phenomenally limited, and it seems questionable whether any other chancellor would have made a better fist of presenting a pre-election Budget in the midst of a recession.

Much of the electoral debate hinges on the credibility of the main political parties in economic management. How credible is the prospectus that Mr Lamont is offering? Not quite credible enough, seems to be the stock market view, for it is hard to reconcile the forecasts in the Budget Red Book with what has been going on in the dealing rooms.

Electoral fortunes

The Treasury is looking for a buoyant recovery, with non-oil gross domestic product returning to 3 per cent real growth by 1993-94 and 3½ per cent in the three years thereafter. The best that can be said about the equity market's dim response is that investors appear to have been struck more by the view that the government's electoral fortunes might be on the wane than by anything in Mr Lamont's growth assumptions.

Scepticism would anyway be justified by the Treasury's recent forecasting record: having underestimated the recession by a mile, it would not be surprising if the forecasters were now to overestimate the speed and strength of the upturn.

It is true that share prices were vulnerable to a setback. The downward movement was greatly exaggerated because of the extensive bull positions taken by market makers in advance of the Mr Lamont's speech. The unwinding of those positions, many of them established via the futures markets, has had a notably depressing impact on the FT-SE index this week.

But the more interesting question concerns inflation and the gilts market. Here Mr Lamont has a better story to tell, with RPI inflation down to 4 per cent in January compared with 9 per cent a year earlier. By the first half of 1993, it is forecast to fall to 3¼ per cent, with producer output prices down to 1½ per cent. Does this make long gilts a bargain on yields of 9¼ per cent, showing a margin of more than 5 percentage points over the real yield on index-linked gilts? Once again the market's reaction was sceptical and the PSBR figures no doubt had something to do with it. Gilts, which became a rare commodity under Mrs Thatcher, are about to stage a big comeback.

Ungracious reaction

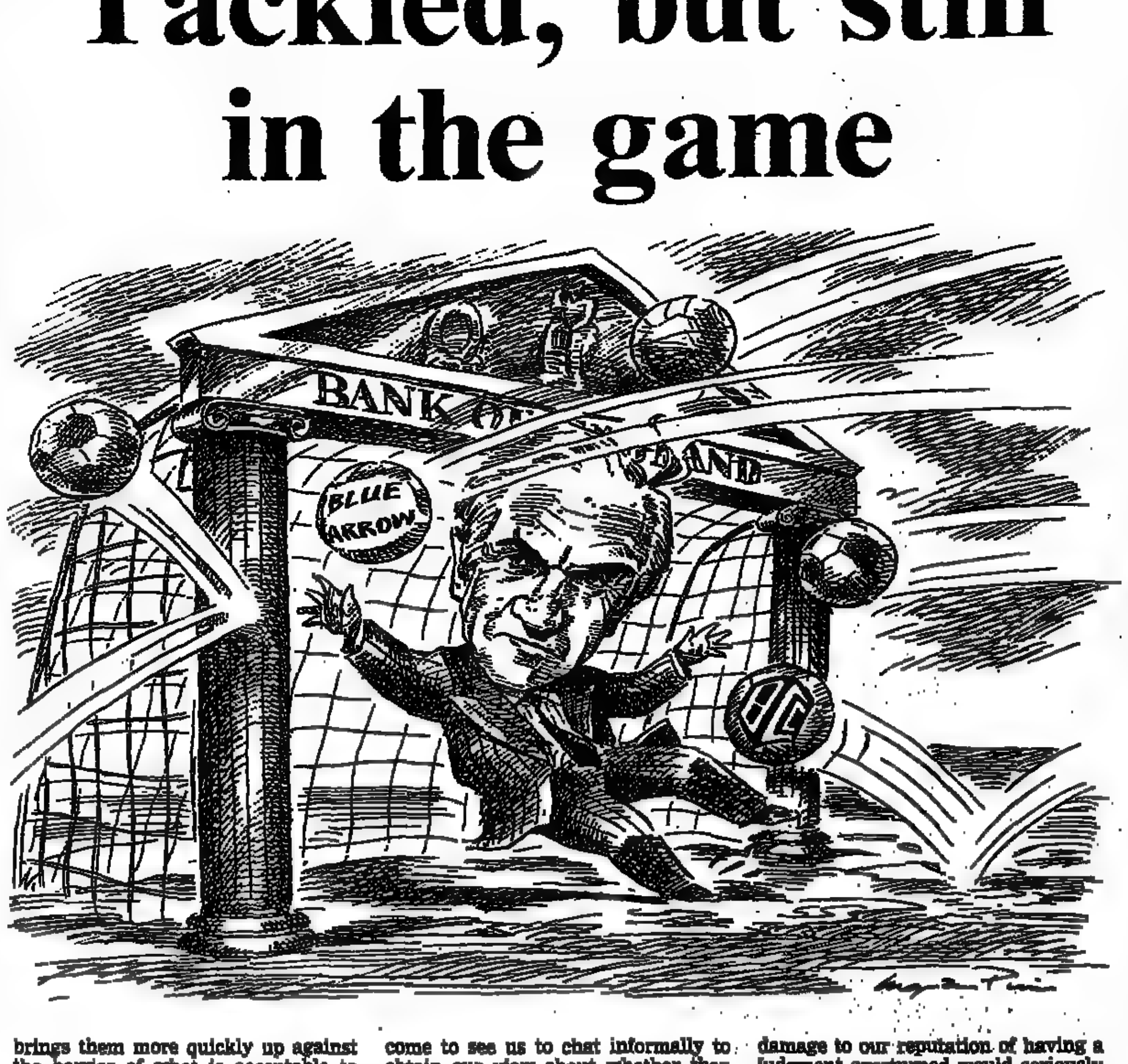
Yet there are good grounds for thinking that in this case the market's reaction was ungracious. One thing that differentiates the 1990s from the period of heavy borrowing under Labour in the second half of the 1970s is that exchange controls have gone. Another is that Britain is part of the European exchange rate mechanism. A PSBR representing 4¼ per cent of GDP, modest by the standards of the 1970s, will thus be much easier to finance in the global capital market that now exists.

Admittedly the ERM is only a semi-fixed system, with Britain remaining, for the moment, in a wide band. The present premium of a little under two percentage points on sterling 10-year bonds against German bonds reflects the risks inherent in that position. Gilts have to allow something for the risk of trouble within the ERM system itself. At the core of the system, the Germans are deeply unhappy with the Maastricht deal and the French are witnessing a rising nationalist tide. And whatever the politicians say, gilt-edged buyers also have to weigh the risk of a British devaluation.

All three parties are offering similar macro-economic policies. As far as the markets are concerned, everything hinges on the strength of their commitment to the ERM. The way for an incoming government to signal its commitment would be to fund a good portion of the enlarged PSBR with index-linked gilts, thereby demonstrating faith in a lasting low inflation rate. That, paradoxically, would also be a buying signal for fixed-interest gilts.

Mr Brian Quinn of the Bank of England rejects accusations that the regulator is too close to the regulated. **Robert Peston** reports

Tackled, but still in the game



Mr Brian Quinn, the Bank of England director whose job it is to deter banks from breaking the law or getting into severe financial difficulties, does not seek his reward in the form of public acclaim.

"No one thanks the regulator when things go right," he says in his soft Glaswegian accent. "No one blames anyone else when things go wrong. It's like playing a football match where they only record the goals against."

The Bank of England's only Celtic supporter has spent the past few days on his goal line frantically trying to stop the ball from whizzing past him.

At the end of the previous week, he had to face allegations – made during the recent Blue Arrow trial and repeated in the Economist magazine – that the Bank of England had been in cahoots with National Westminster Bank during the spring of 1988 to forestall a Department of Trade and Industry investigation into NatWest's role in Blue Arrow's 1987 rights issue of new shares.

He robustly denies these allegations. Nonetheless the DTI announced on Thursday that it was reopening its investigation, although the focus is more likely to be the involvement of NatWest's senior directors in the Blue Arrow rights issue and whether the bank's chief executive, Mr Tom Frost, withheld information from the inspectors in the original DTI inquiry.

However, the timing of the DTI's announcement could not have been more awkward. The previous day, a House of Commons cross-party committee issued a report into the Bank's role as supervisor of the Bank of Credit and Commerce International, the corrupt bank, which implied that the Bank should have taken action far earlier than it did to limit BCCI's activities or close it down.

The criticism was far less severe than many in the Bank had feared. The imminence of the election campaign could have deterred MPs from stirring up controversy by making too strident an attack on the regulator.

But even the soft criticism stung the Bank. Mr Quinn insists that – on the basis of the information available to the Bank – keeping BCCI open was the correct course of action, even if, with the benefit of hindsight, that now appears a mistaken decision.

There is a common thread in the Blue Arrow and BCCI allegations. In both cases, the Bank is accused of suffering from "regulatory capture" – that as regulator it has become too close to the regulated. The suspicion is that the Bank has become too conscious of the interests of banks to take effective punitive action.

However, Mr Quinn insists that the reverse is true. "I find accusations that I am being too chummy with banks quite extraordinary," he says in the comforting surrounds of his wood-panelled office. "That is simply not a description of the life I lead."

There is plenty of evidence to suggest that he is not always the banker's pal. In the past seven years, the Bank has been responsible for forcing the resignations of senior directors at Morgan Grenfell, after the Guinness scandal broke; for encouraging the departures of senior directors of National Westminster Bank in the wake of the Blue Arrow affair; and for hastening the departure of Sir Kit McMahon as chairman of Midland Bank, after the failure of his strategy to restore the bank's fortunes by merging it with Hong Kong and Shanghai Banking Corporation.

Mr Quinn says an understanding of his role requires an analysis of developments in the banking market: "There has been a substantial change in the extent of competition between banks. Life is much more difficult for them than 10 years ago."

At the same time, banks are under greater pressure to reward their shareholders by earning bigger profits and paying bigger dividends. "This induces banks to do things which brings them more quickly up against the barrier of what is acceptable to the regulator," he says.

A second important change is that, since 1979 when the first Banking Act was passed, the Bank's supervisory role has been based on statute, rather than an informal code which seemed at times to give the Bank absolute authority in parts of the City.

Thirteen years may seem long enough to adjust to a more legalistic way of policing the City. But Mr Quinn says it is not long in the context of the Bank's 300-year history.

Officials say that, during the 1980s, some of the older directors of the Bank "simply did not understand that we could no longer simply tell a bank that we wanted it to change the way it was behaving. They could not accept that we could only take action if we were sure of our position under the Banking Act".

So at the same time as banks have become more prone to using questionable devices for generating profits, the Bank's ability to prevent them from taking excessive risks has become more circumscribed.

"Increasingly, when we get into tussles with banks, they say: 'Where does it say in the Banking Act that we can't do that?'" Mr Quinn says. "To hear such a question 10 years ago was unthinkable."

The relationship with banks is "not adversarial yet", he says. "But we are far less chummy than we used to be."

However, the tradition of a bank taking informal soundings from the Bank of England before changing strategy continues: "Bankers still come to see us to chat informally to obtain our view about whether they should do something or not. Around two-thirds of our discussions with banks are non-routine in this sense."

But the House of Commons select committee feared that, when a conflict does arise, the Bank may be too frightened of losing the battle. It implied that the Bank might have been slow to close down BCCI because of concern that BCCI would then appeal against the decision through the courts.

Mr Quinn cannot comment on the details of the BCCI case; he is proscribed from doing so under the Banking Act. However, on the general issue he says: "I don't think we worry too much about a bank launching an appeal when we take action to close it down." He adds: "There is a handful of cases every year where we invoke the Banking Act to take away a bank's licence or force changes to banks' activities." There have been many cases where the Bank has closed a bank or restricted its activities and been aware that there was a risk of a successful appeal.

> **The relationship with banks is 'not adversarial yet', he says. 'But we are far less chummy than we used to be'**

Nonetheless he stresses that losing an appeal could be devastating: "The damage to our reputation of having a judgment overturned would seriously impair our ability to do our job."

But when deciding whether to close a bank, the Bank does not merely assess whether it has the power to do so. It asks a second question about whether it would be right to exercise that power.

Officials with a close knowledge of the Bank explain the difference between these two questions as they relate to the BCCI case. As early as April 1990 – although not before then – the Bank felt it had sufficient evidence against BCCI to close it down.

However, it chose to allow the bank to keep trading, not because of fear that BCCI would appeal, but because it believed BCCI depositors' interests would be damaged by closure.

The Bank had been presented with a plan to inject new capital into the business and change its structure in a way which would have made it easier to police. In the circumstances, the Bank felt depositors would have been very badly served by closure.

"Maybe we were wrong to keep BCCI open as long as we did," says Mr Quinn. "But we thought we were right, on the basis of all the available information. If MPs say their judgment is different from the Bank's, that is fine."

The protection of depositors is his top priority, under the "mission statement" which his department adopted three years ago, following the example of many private-sector companies. Prudential supervision – or monitoring the health of banks – is second on the list.

"People say we are too interested in promoting the City to take a tough line on regulation," he says. But he denies the charge that the Bank is slow to punish errant banks for fear of damaging the City's reputation. The promotion of London as a financial centre does not appear on his department's mission statement, although it is one of the core aims of the Bank as a whole.

In the Blue Arrow case, however, it was clearly reluctant to see NatWest, at the time the UK's biggest bank, pilloried in public.

Mr Quinn is again prevented by the Banking Act from discussing this. But an account of what happened can be constructed from court transcripts and interviews with officials.

The question which NatWest had to address in the late autumn of 1987 and the winter of 1988 was whether it had broken the law by acquiring an interest in 13.5 per cent of Blue Arrow's share capital but not disclosing the exposure; under the Companies Act, companies were at the time supposed to disclose shareholdings in excess of 5 per cent.

In February, NatWest asked its then deputy chairman, Sir Philip Wilkinson, to conduct an investigation into how this happened and whether the lack of disclosure was reprehensible. Sir Philip duly produced a draft, which was shown to the Bank of England in the spring.

During the recent Blue Arrow trial, it emerged that Mr Quinn encouraged NatWest to redraft the report. A note of Mr Quinn's advice, made by Mr Charles Green – at the time one of NatWest's deputy chief executives – said that Mr Quinn had recommended that "we should report a measure of ambiguity in the evidence as to whether there was a conscious or subconscious circumvention of the rules". NatWest subsequently thanked the Bank for its advice.

The implication appeared to be that the Bank had encouraged NatWest to soften the report's conclusions, in order to minimise any potential for scandal and forestall any attempt by the Department of Trade and Industry to launch its own inquiry.

However, a Bank official insists the reverse is true. Sir Philip's original draft was apparently too lenient on NatWest because it described the purchase and non-disclosure of the stake as a perfectly normal transaction.

The Bank knew enough to be sure that this was far from the case. So it encouraged NatWest to redraft the report at least to acknowledge the possibility that it may have committed an offence.

But Mr Quinn's decision to give any advice at all to NatWest is by no means unimpeachable. In April, the Bank had encouraged the DTI to delay the launch of a formal inquiry into the Blue Arrow affair until the NatWest report had been completed.

Having intervened to that extent, the Bank's reputation for impartiality might have been better served by allowing NatWest to submit the flawed first draft to the DTI and then informing the DTI that it disagreed with NatWest's conclusions.

The Bank's misjudgment was rammed home a year later. In effect it had given its stamp of approval to the final version of NatWest's internal report, which was sent to the DTI. But when DTI inspectors were appointed at the end of 1988, they found a separate NatWest report on the Blue Arrow incident – intended for internal consumption only.

This other report was far more critical of NatWest's behaviour than the report sent to the DTI. Naturally enough, the Bank felt very disappointed with NatWest.

But Mr Quinn retains faith in the integrity of bankers: "We have not had enough cases of being let down to fundamentally change our approach of trusting banks."

He may have scored an own goal in the Blue Arrow case, but he is not changing his tactics.

MAN IN THE NEWS

Deng Xiaoping

Tiny dynamo at the heart of the party

By Alexander Nicoll

"Is it worthwhile to open the window and let in fresh air, though some flies will come in as well?" The question is asked in a homily entitled "Socialist China mustn't totally reject capitalism", circulated this week by the Chinese embassy in London.

The answer is yes: "Absorbing the better part of the cultures of other peoples to enrich ourselves is the best way to safeguard our socialist culture."

It is the dilemma which has embroiled China's leadership in brutal internal power struggles since it decided in 1978 on the "open door" policy of economic reform. Reformers, led by Deng Xiaoping, believe that a degree of market economics is compatible with domination by the Communist party. Hardline ideologues fear it is not.

Occasionally, victors emerge from the fray – only to plunge rapidly back into it. There is no mistaking the winner of the latest round. At 87, Deng is the world's most resilient political leader, twice rehabilitated after disgrace and reviled in 1966 as the "number two capitalist roader". Though he officially retired in 1989, he remains the dominant public figure in China. He is now making probably his last bid to ensure that his legacy will be the continuation of the economic reform process.

The first sign that Deng was winning a three-year struggle against hardliners came in January when he popped up in the southern provinces. There, the success of economic reform is most evident. Industry, much of it the result of investment by Hong Kong and Taiwanese businesspeople, is booming, and the proliferation of mobile telephones and Avon ladies suggests that capitalism is taking off.

Deng's tiny, frail figure had not been seen in public for a year. But, angered by emphasis in the official media on maintaining a strong ideological line – even including mentions of a "class struggle" – he was stung into public advocacy of the reformist approach. He visited the dynamic Shenzhen special economic zone, just across the border from Hong Kong, and predicted that Guangdong province would become Asia's fifth "dragon" within 20 years. He was shown on national television, greeting military leaders in Shanghai.

"Deng had to go to the south because he couldn't get his way in the north," says Mr Michael Yahuda, a China specialist at the London School of Economics. "He is struggling for dominance of the heart of the party." However, the fact that Deng was accompanied on his trip by President Yang Shangkun, who has effective control of the army, as well as by high public security officials, indicated that he was winning the high ground.

During the visit, Deng said that economic reforms must continue for 100 years. This week, a billion Chinese found that message emblazoned on the front pages of their party-controlled newspapers. The language he had used in public statements in the south, at first only reported by newspapers in Hong Kong, had been adopted by the ruling 15-man politburo.

Yesterday, the newspapers were open about the fact that Deng had won: "The entire party and especially leading officials on all levels must seriously study the important theories of Comrade Deng Xiaoping on the construction of socialism with Chinese characteristics," said the People's Daily, the party's official mouthpiece.

The immediate consequence of the politburo's unusually public decision is likely to be a purge of more hardline elements, especially in the propaganda machine. Top officials including Premier Li Peng had already begun to put greater emphasis in public statements on the need for continuing economic reform. With the 14th party congress due to be held in the autumn, the message will go out loud and clear through the ranks of the party that the ideologues are in retreat and reform can be carried forward.

Two events have made the battle over reform even more intense. The tensions leading up to the pro-democracy demonstrations in Tiananmen Square in May 1989 were fomented in part by Deng's economic reforms. Yet it was Deng who sent in the tanks to crush the movement on June 4 in order to preserve the dominance of the party.

More recently, the collapse of Soviet communism and the disintegration of the Soviet empire have provided ammunition to both sides in the Chinese power struggle. The ideologues drew the lesson that the party must tighten its control in order to avoid collapse. Deng's view is that, though internal stability must be maintained, economic progress is the only way to preserve Communist party rule.

Deng is not a closet capitalist. A member of the Chinese Communist party since the 1920s, he took part in the Long March in the 1930s, and, after the Communists assumed power in 1949, had risen to sixth in the party hierarchy by 1956. He was in disgrace during the Cultural Revolution, but was brought back in 1973 and led the country's recovery. Again stripped of his posts in 1976, he was restored to them in 1977 after the death of Mao Zedong and the arrest of the Gang of Four. He has effectively held power in China for 14 years. The Tiananmen Square massacre was the proof of his belief in maintaining party supremacy at all costs.

"Socialism with Chinese characteristics", however, is his code-phrase for opening the economy to the greatest extent possible without threatening the party. Since this began in 1978, it has meant reforms of agriculture, allowing incentives to farmers and stimulating production; price reform; decentralisation of foreign trade; the beginnings of stock markets; joint ventures with foreign companies; and, most impressively, the creation of special economic zones along the southern coasts in which private-sector investment is encouraged.

The next stage will include an attempt to replicate the success of the southern zones by creating new ones along the northern borders with Russia, North Korea and Mongolia. However, the greatest challenge remains how to tackle China's massive, and grossly inefficient, public sector. Since the party organisation is inextricably bound up with the management of state enterprises, job losses are politically difficult to achieve.

Reforms have created expectations of greater prosperity. It will be up to Deng's successors to match these or face the consequences. But despite the new commitment to 100 years of reform, it is difficult to look beyond Deng's death. His attempts to designate successors have failed dismally. The most that can be said is that the commitment expressed this week will put his followers in a stronger position at the party congress. But, at least in the south, Deng has created an economic momentum which will be hard to check.

George Graham examines the challenges facing the new head of America's space agency

Touchdown to a troubled inheritance

Mr Daniel Goldin, named this week by President George Bush to be the new head of the National Aeronautics and Space Administration (Nasa), is being launched into one of the least envied tasks in Washington.

He takes the helm of the space agency as disputes over the level of funding from the federal government and arguments about the viability of its most important programmes have surrounded it with controversy.

His predecessor, Admiral Richard Truly, was sacked last month after a series of policy disagreements with the White House's National Space Council, a supervisory board for US space interests headed by Vice-President Dan Quayle.

Mr Goldin's task is to change the very character of Nasa, whose critics charge that it has become so deeply imbued with its own technology-driven culture that it is incapable of carrying out its missions.

In Nasa's own strategic plan – a slim document entitled Vision 21, liberally sprinkled with aphorisms from Goethe, Einstein and James Michener – these missions are spelled out in ringing terms by Admiral Truly.

"Nasa exists to make the US the world leader in space exploration and aeronautics research and, through our achievements, to inspire and better the lives of all Americans," he writes.

But despite its grand goals the agency must also conform to the political imperatives of its masters: not only the Bush administration, but also Congress, which holds its purse strings.

At a time of tight budgets, Nasa has found it impossible to make the hard choices necessary to please both masters. Instead, it has clung to an array of ambitious programmes that blithely assume that its funding will, somehow, be increased in the future.

"Nasa is overcommitted relative to likely resources – in short, it is chasing too much programme with too few dollars," says Mr Mark Gebicke, director of Nasa issues at the General Accounting Office.

Mr Gebicke estimates that Nasa's current programmes will cost $92.4bn over the next five years, between $13bn and $21bn more than its likely budget.

Congressman Dick Zimmer of New Jersey more bluntly describes Nasa's plans as "a Buck Rogers budget. "It's long on fantasy and it's short on reality. There simply won't be enough money available in the future to complete all the programmes that are described," he complains.

Nasa's budgets rose steadily in the late 1980s, as it began to reap an early peace dividend from reductions in military spending. But the budget now faces a freeze in the face of the growing US federal deficit.

In particular, the 1990 budget compromise between Mr Bush and Congress, has prevented the transfer of money from defence to civil expenditure.

In its bid to win a greater share of the dwindling federal funds pie, Nasa has been handicapped by its own failures: not just calamities such as the traumatic explosion of the Challenger Shuttle in 1986, or the fatal flaw in the mirrors of the Hubble space telescope – although these have sapped public confidence in the agency – but a more general failure to adapt its own structures and culture to the realities of the 1990s.

Dominated by its highly skilled engineers, Nasa developed an arrogant belief in its own superior technological prowess and an insistence on defining its own projects.

Admiral Truly had made more progress than had been generally recognised in modernising Nasa's structures and management, in line with the recommendations of a 1990 report by a commission headed by Mr Norman Augustine, head of Martin Marietta, a defence and space contractor.

But as a former astronaut, Mr Truly was protective of the Nasa culture, and staunchly defended his organisation's choices. "Truly was doing a much better job of telling the president what Nasa wanted than telling Nasa what the president wanted. You basically get the space programme the engineers want to build, rather than the space programme the taxpayers want to pay for," says Mr Pike.

Mr Goldin's credentials suggest he will challenge this Nasa arrogance. He has long experience in military and commercial space engineering, having spent 25 years at TRW Inc, a Cleveland-based engineering group where he headed the space and technology division.

"He is not dedicated to the principle that if it was not developed in a Nasa centre it's not worth looking at; and that was one of the White House's goals," says Mr John Logsdon, director of the Space Policy Institute, a Washington-based research organisation.

One of the results of Nasa's engineer-dominated culture is the emphasis on the space Shuttle, which because of its live crew requires a degree of reliability that cheaper, expendable rockets do not aim for.

The result is a system with undoubted merits for launching projects such as the Hubble telescope, but at approximately $500m a launch an extraordinarily costly method of propelling ordinary satellites into orbit.

The same culture lies behind the Space Station project. The Space Station has been justified by its supporters mostly on the grounds of the important scientific research it will enable, yet virtually every scientist in the US sharply criticises the project, dubbed Freedom, for its negligible contribution to science, and for sucking such a huge portion of available money away from other research projects.

Putting a manned station into orbit will cost an estimated $40bn, and operating costs thereafter would, according to the GAO, lift the overall bill to $118bn.

But will the Space Station find a cure for everything from Aids to cancer, as some of its backers in Nasa and Congress claim? Or, as their opponents jibe, will it simply find out why astronauts vomit in space?

The Space Station is one of the principal issues in the increasingly heated political debate over funding for Nasa. Many politicians no longer believe the extravagant promises Nasa often makes for its projects. They see, instead, an organisation that over the past 30 years has completed its projects an average of 58 per cent behind schedule and 150 per cent over budget.

The administration contains its fair share of space junkies – notably Mr Richard Darman, director of the Office of Management and Budget – who believe in the dream of pushing back the frontiers of space.

But even staunch supporters of the Space Station such as Mr Quayle have their own priorities which do not always coincide with those of Nasa. He has forced Nasa to scale back its reliance on the Shuttle, refusing to order another vehicle after the delivery of the Shuttle Endeavour this month and compelling the agency to work with the Air Force on a new expendable launch system.

Congress, too, has its Nasa supporters, but – with the possible exception of former astronauts such as Senator John Glenn – they are motivated more by the presence of space-related jobs in their districts.

"The people behind the space station have managed to put a piece of the action in many congressional districts and have won over supporters with that approach," says Congressman Richard Durbin of Illinois, one of the Space Station's fiercest opponents.

One striking example of this is the likely decision by Congress to write back into the budget the one programme that Nasa did offer to axe this year: the advanced solid rocket motor which was designed to boost the shuttle's payload to allow it to lift bigger sections of the Space Station. The controversial motor happens to be built in Yellow Creek, Mississippi, in the district of Mr Jamie Whitten, the powerful chairman of the House Appropriations Committee.

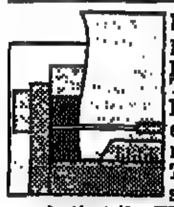
But many voters across the US are now showing less enthusiasm for the challenge of space – particularly in an era when competition with the Soviet Union has lost its meaning.

"I guess we just simply have to recognise that people today are less interested in going to Mars and more concerned about the trip to the grocery store," concludes Congressman Ralph Hall, chairman of the House Space Committee.

PERSONAL VIEW

Polls that move markets

By Gordon Gemmill



Market rises on poll result." "New poll hits market." This is the kind of headline we can expect over the next few weeks. There is much at stake. The consensus is that the FT-SE 100 Index will be about 10 per cent higher if the Conservatives win than if Labour wins and somewhere in between if there is a hung parliament. As the chances of each outcome change, so the market moves to reflect the new information.

The interesting question is whether opinion polls should have so much influence on the stock market. Each poll contributes to the state of knowledge, but the relative importance of the information depends on two factors. The first is the difference in level of the FT-SE 100 which could be expected under different governments. With no difference, there would be no response. However, it seems likely that the market would be higher if the Conservatives won, as already indicated. The second is the change in the probability of a Conservative or Labour win which each new poll indicates. As the election approaches, small changes in the polls may have an increasing impact on probabilities. Consider a change from the Conservatives and Labour level-pegging to a three-point lead for the Conservatives. Such a change now would not greatly affect the probabilities because it could easily be reversed by election day. However, such a change on election eve would indicate a huge increase in the probability of a Conservative win and would definitely move the market.

The record from the 1987 election can be used to show how closely the market reflects the probabilities as derived from the polls. In the first half of that year there was a roaring bull market, so it might have been expected that the election was merely a sideshow. Research indicates the opposite: the stock market took very careful account of the opinion polls in the 1987 election.

Figure 1 plots the FT-SE 100 Index and the Conservative lead in the polls from April to June of that year. There is not much relationship between the lead and the index, even during the election campaign of May 11 to June 11. The reason for this is quite straightforward. On May 14 the Conservatives had a lead of 12 points, but that could easily have drifted away by election day. On the other hand, the smaller lead of 7.3 points on the eve of the election could not possibly have been reversed with just one day to go.

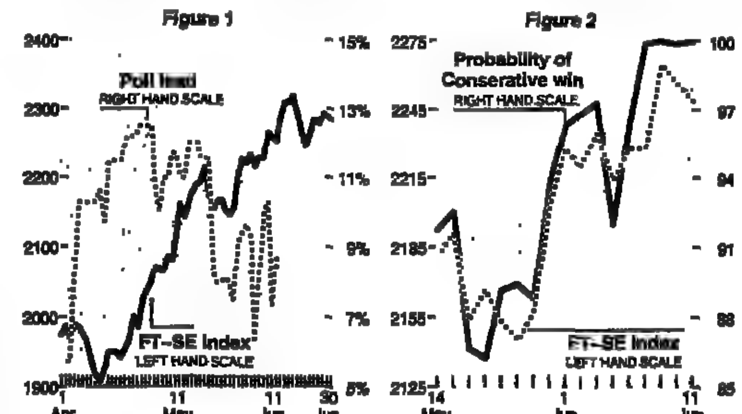
In Figure 2 the poll information has been transformed into the probability of a Conservative win, taking account of the number of days left to go. There is a very close correspondence between the FT-SE 100 and the probability of a Conservative win – the simple correlation is 0.94. The chance of the Conservatives winning (based on the polls), was never worse than 87 per cent and by the last four days of the campaign approached 100 per cent. The market followed that chance with great precision and so, on election day, the FT-SE 100 already reflected the Conservative win. After the result there was hardly a ripple in the index.

The stock market in 1987 was, therefore, well-tuned to interpreting opinion polls. By contrast the FT-SE 100 options market was not. If the result of an election is expected to move the market, it may be a good strategy to buy both a call and a put option (a straddle). This is a two-way bet. If the market rises, the call pays off, and if the market falls, the put pays off. The only problem is determining how far the market is likely to move, because that determines how much the options are worth.

It is possible to take the options prices on any day and use them to reveal the probability of a Conservative or Labour win. While the opinion polls drifted in the Conservatives' favour in 1987, the options prices indicated exactly the opposite. By the eve of election the options implied there was a 28 per cent chance of the Conservatives losing, whereas the polls indicated such a loss to be almost impossible. The options prices were wildly inconsistent with the opinion polls: investors were paying far too much for their "two-way bets".

So what are the lessons of 1987 for 1992? The first is that unless one party draws well ahead, the stock market will be very sensitive to opinion polls and the sensitivity will rise as election day approaches. However, if one party does pull ahead, expect an immediate move in the market and nothing more after the election. The second lesson is that it would be wise to do some calculations before taking a two-way bet with the index options. The odds on offer may not be very good, although they look reasonable at present. If you want to punt on the election, it may be better to approach the bookies. In 1987 the bookies' odds were far more consistent with the opinion polls than were those offered by the options market.

The author is Professor of Finance at the City University Business School



LETTERS

Autogas brings some relief to Athens in battle against smog

From Mr Ray Holder.

Sir, In "Greeks battle to defeat the *nefos*" (Business and the Environment, March 11) Kerin Hope discusses the pollution problems in Athens as part of your urban air pollution series. What she fails to mention is that in order to alleviate pollution problems, the government actively encourages the use of liquefied petroleum gas (LPGas) as an automotive fuel (Autogas).

As a result, almost all taxis in Athens now run on Autogas. In fact, when the city is suffering from a particularly bad bout of smog, road vehicles not fuelled by Autogas are temporarily banned.

Autogas is used in niche areas in many countries apart from Greece to help lower vehicle emissions in urban centres.

As in Athens, most taxis in Tokyo run on Autogas as a result of government encouragement and in the US some 3m vehicles are fuelled by it.

In the Netherlands, Autogas comprises some 17 per cent of all automotive fuels, supported by the government's introduction of zero duty rate.

The technology for Autogas conversion of vehicle engines has been around for many years and the technology continues worldwide to keep pace with newly improved vehicle engine developments.

The fuel is clean and highly efficient and it can make a useful contribution towards reducing carbon dioxide emissions.

The fuel also has the advantage that it cuts down considerably on carbon monoxide and hydrocarbon emissions.

Unfortunately, UK excise duty does not encourage the use of LPGas, in spite of its proven environmental advantages.

Ray Holder,
director general,
LPGas Association,
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Reigate,
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TECs are failing special needs trainees

From D.D.N. Graham.

Sir, I read with interest Anne Weinstock's article 'Low marks for slow learners' on the training of people with "special needs" (Management, March 11).

Her article raises a number of important issues which call for urgent attention.

In recent weeks, I have been privileged to meet a number of dedicated providers of training who are training young people and adults. Many of the trainees have severe learning difficulties, or other special needs. Everyone concerned would echo strongly the comments made by her.

The annual round of negotiations between TECs (Training and Enterprise Councils) and training providers, particularly for those in the voluntary sector, is becoming a veritable nightmare.

Again this year, many fear that they will be unable to continue to operate at the level of funding on offer and with the conditions attached. As a precautionary measure, many have issued redundancy notices to their staff.

TECs seek to be as flexible as they can with their funding and they are not unsympathetic to the needs of the disadvantaged. The fact is, however, that by no means all TECs really understand these needs, nor thought that they would find themselves involved in the world of special needs training provision.

At the end of the day, TECs quite understandably tend to back options which secure their own funding.

Three issues need to be addressed. In the first place, serious consideration should be given to "ring fencing" funding for special needs training. This is not a new idea. It was proposed in the report of the special training needs task force established by the NCVO (National Council for Voluntary Organisations), which was published in June 1991. The government promised to consider the report seriously but it has presumably rejected the approach, as it does not feature in current discussions. The idea merits further consideration because it would at least provide funding reassurance.

In the second place, the output-related element of funding should be set at a level and should be governed by criteria much more clearly related to trainees and their potential for learning.

In the third place, progress should be made towards giving quality training providers more than a one-year contract and the tendency towards requiring tendering from existing and long-established training providers should be stopped. Any TEC that has doubts about the maintenance of quality standards has only to give due warning that contracts will not be renewed unless standards improve.

D.D.N. Graham,
Training Policy Studies,
5 Moss Lane,
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HA5 1BB.

New light on Warsaw's confused property market

From Mr Derek Sendrove.

Sir, As a senior property partner in a firm of English solicitors with a large office in Warsaw, I write in reply to Andrew Taylor's article about the property market in Warsaw ('Paris prices, Albanian standards', March 6).

His statement that "families have the right to reclaim land and buildings acquired by the former Communist regime" is misleading. There is, under Polish law, no legal right to restitution yet. A draft bill was submitted to the Sejm last July, but was one victim of the change of government.

The scheme in the draft bill was a pragmatic one, allotting all claimants compensation on a "points" basis, to be funded by part of the proceeds of privatisation so that a claim would acquire a notional monetary value, which would have been determined by the state itself. The claim would be satisfied in bonds, which could be used to buy shares in privatised companies being brought to the stock market or individual properties or businesses being sold by the state.

Claimants would only in limited circumstances be able to insist on buying back their own family property; there would have been many exceptions, for example on the grounds that it was not possible to do so "without deterioration to the continued activity of the owning enterprise".

It remains to be seen what legislation is passed, but the draft is the best indication we have had so far. Only in a limited number of cases has there been restitution, either on a purely voluntary, often gratuitous basis, and sometimes (as in the case of Wisnicz castle, regained by the Lubomirski family) where there were serious procedural irregularities in the original nationalisation.

Derek Sendrove,
solicitor,
Nabarro Nathanson,
50 Stratton Street,
London W1X 5FL

Chancellor foregoes 'green tax' on company cars

From S.M. Miller.

Sir, Having decided to reform the structure of company car taxation, I believe that the chancellor has missed a golden opportunity to tax company cars on a more environmental basis.

While it is true that the new proposals will remove the discrimination against diesels, they do little else to promote fuel economy and through this minimise pollution.

Would it not be better to tax company cars on the basis of a composite of three Department of Transport fuel consumption figures?

That measure would inevitably promote fuel efficiency and reduce pollution and would also be a rather more relevant tax for the 1990s.

S M Miller,
senior environmental architect,
JT Design Build,
Bristol.

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution

Insurance ticket option offers BR profit and client peace

From Dr John Wells.

Sir, Some rail users prefer cheap fares (for example, those on low incomes), others demand a reliable service or compensation (for example, to travel to Gatwick for a flight). I suggest that BR should give passengers the option of buying an "insurance ticket" at the same time as their rail ticket. The insurance ticket would duplicate the rail ticket information, and also specify the route and arrival time (this information stored electronically would be invaluable to BR planning). The compensation rates should be laid down, and depend on the lateness of the train, lack of facilities, and amount of insurance purchased. They could include death and injury benefits.

That scheme should make a small profit for BR, its main advantage (unlike other proposed schemes) is that it is can be administered. It will improve services in affluent regions, but other regions will benefit as rail users realise the profitability of buying insurance on unreliable routes.

Dr John Wells,
12 Cavendish Road,
Summertown,
Oxford, OX2 7TW.

Poster concept lacks punch

From Mr Peter Kreamer.

Sir, One of the "golden rules" I learnt when studying advertising for my marketing diploma is as follows: "Never spend your client's money advertising his competitor's name or product".

That rule is blatantly ignored by the Conservatives' pre-election "Double Whammy" poster.

The effect on the passing observer is the name Labour mounting an assault on the twin evils on the boxing gloves.

Whose side, one wonders, is the agency on?

Peter Kreamer,
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Eaton,
Wick,
Windsor,
Berkshire, SL4 6LQ.

Recession leaves Liverpool Post group 27% lower

Lonrho gloom in spite of £45m sale to Trinity

By Roland Rudd

LONRHO, the international trading conglomerate, yesterday announced the sale of its Scottish and Universal Newspapers for £45m to Trinity International Holdings.

But the sale was overshadowed by a series of negative factors which pushed Lonrho's shares down 19p to close at 95p, its lowest price since 1985.

Although the newspaper sale will be used to chip away at Lonrho's £1bn debt the market was disappointed that the disposal did not include the larger George Outram, publishers of the *Glasgow Herald* and Evening Times. The sale of all Lonrho's newspaper titles had been expected to fetch up to £200m.

Warburg Securities added to the bad news by publishing a bearish note warning that the underlying businesses were consuming cash, requiring further disposals. At the same time exchange movements were continuing to eat into Lonrho's asset base.

It criticised the group for its poor communications arguing that Lonrho's investors should be told more about the its strategy in light of its debt burden.

There were also fears in the market that Lonrho's Western Platinum mine, located in South Africa where almost a third of the pre-tax profits are generated, would be adversely affected by a "no" vote in the *referendum taking place* on political change.

Mr Paul Spicer, Lonrho's deputy chairman, said the fall in the group's shares made him feel sorry for shareholders but pointed out that several big US institutions were buying. He described the newspaper sale to Trinity as a "very good deal for Lonrho" which should be seen as part of the group's overall disposal programme.

The Scottish papers have a combined circulation of 600,000 and in the year to the September 28 made pre-tax profits of £4.2m on turnover of £21.6m.

Trinity is raising £23.6m by way of a 1-for-5 rights issue at 215p compared with yesterday's unchanged share price of 270p.

At the same time the group announced a 27 per cent fall in pre-tax profits, from £18.2m to £13.3m, for 1991. A final dividend of 5.8p makes 8.4p (8p).

Mr David Snedden, Trinity's chief executive, blamed the profit fall on the recession on both sides of the Atlantic. As well as being publishers of the Liverpool Post and Echo, it has weekly newspaper interests in Merseyside, North Wales and North America.

See Lex


David Snedden: eyeing the Scottish market

Rothschild likely to advise on MGN sale

By Andrew Jack

NM ROTHSCHILD, the merchant bank, is expected to be appointed next week as adviser on the sale of Mirror Group Newspapers in the first indications of preparations for *the disposal of the group, it* emerged yesterday.

It is believed that the majority shareholding in MGN could be ready for sale by the summer, although no final timetable has yet been drawn up.

Partners at Arthur Andersen, the accountancy firm, who are acting as administrators to the private business *empire of the late* Mr Robert Maxwell, are expected to make a final decision on the appointment of advisers within the next few days. They are believed to be favouring Rothschild over a rival bid from Morgan Grenfell.

The new purchaser of MGN might not be able to take control of the company for several *months after the summer*, as any potential sale may require ratification by the Monopolies and Mergers Commission.

News of the sale comes after a number of groups of potential purchasers including a management buy-out team led by Sir Peter Parker have expressed anxiety at delays in the sale of the group.

However, the administrators had first to fully quantify the financial position of the company. An earlier sale might also have substantially *reduced the potential purchase* price of MGN.

The administrators are believed to have received serious expressions of interest in the sale from at least ten potential purchasers.

The sale of the principal UK businesses of AGB, the market research company from the administrators of the private empire of Robert Maxwell, was also completed yesterday.

Addison Consultancy, the market research group, has bought AGB Consumer Research, *AGB Research Ltd*, Audience Selection & Telesales, Audits of Great Britain, Industrial Market Research, Research Surveys of GB and Questel Qualitative Studies.

A rights issue offer document issued last month to raise money to buy the AGB businesses, showed that it was paying £14.75m.

Sales of other AGB companies overseas are expected within the next few weeks.

MD S Kay's GP MBO be OK, see?

James Buxton on Inveresk's new-found freedom and buoyancy

MR STEFAN Kay beams with pleasure as he bustles round his paper-mill, and his employees smile warmly back at him. "You can't imagine the satisfaction we've had in the past 17 months from running our own business," he says.

In the autumn of 1990 Mr Kay and his senior colleagues completed a £31m management buy-out of Inveresk, the Scot*land-based maker of fine paper*, from its US owner, Georgia-Pacific (GP). The way Mr Kay tells it, they have not looked back since, and in January this year Inveresk paid off all the £25m of debt the MBO had lumbered it with.

GP had acquired the ailing Inveresk, which had a famous name in British paper-making, in 1981. It was obliged to sell, when in 1990, it bought Great Northern Nekoosa, a US papermaker, and plunged deeper into debt. GP co-operated in the MBO process put together by Mr Kay, Inveresk managing director since 1988, though the deal took six months to conclude.

The MBO brought a change *of attitude* in the management of Inveresk. Mr Kay says: "GP hadn't focused on profit. There wasn't an attitude of mind in GP that black numbers are better than red numbers."

This meant plenty of opportunities for the new management to make savings. For example GP was (and still is) a major supplier of pulp to Inveresk, which used to hold between six and 10 weeks' supply at its four relatively small mills, three of them in Scotland and one in Somerset.

"GP said the big inventory didn't matter because the pulp was GP's wherever it was," says Mr Kay. "But after the MBO we were paying interest on it."

So Inveresk cut its inventory to between one and two week's supply of pulp.

It also tightened up on customer credit arrangements. "We were paying our creditors in 30 days, but our debtors weren't paying for 60 days. So we went to our creditors and said we'd pay them within 45 or 60 days," says Mr Kay. "We also tightened up our debt collection, which had always been good, and tightened up our finished goods stock."

All those measures, says Mr Kay, generated extra cash in a business which turns over about £100m a year. By the end of December Inveresk went back to its lenders and paid off all £22m of its senior and £3.3m of its mezzanine debt. "We'd never wanted mezzanine finan*cing in the first place*," says Mr Kay.

"We always had an asset base and this was never a leveraged buy-out."

Instead of the debt Inveresk took on a £20m revolving credit facility from banks led by Morgan Grenfell, which had organised the MBO and taken equity in Inveresk.

Since gaining control, Mr Kay and his colleagues have made good the lack of investment which affected the later stages of GP's ownership. It spent £2.5m on installing the latest equipment to make furniture laminate paper at its St Cuthberts mill at Wells, Somerset, a project which, under GP, had been postponed for a year.


Carrongrove Mill: £4m will lift output of coated board

Some £1m was spent last year at each of the Scottish mills, and now spending of £4m has been approved for the Carrongrove mill near Falkirk to increase output of the coated board the used for the covers of company reports, a project which Mr Kay calls *a strategic* investment.

Other spending is aimed at removing bottlenecks in the mills and gradually moving them from working five and a half days a week to seven days a week.

"It's satisfying to be able to work up your investment projects and present them to your own board for approval rather than taking them to Atlanta," says Mr Kay, who runs the company from Caldwells Mill at Inverkeithing, on the Fife side of the Forth Bridge.

Although three of the four mills are working at full capacity, Inveresk is finding conditions tight in the paper industry – *the mills are operating* with only a two to three week supply of orders. But although Mr Kay sees no sign of an upturn in the UK economy, the company is not wholly dependent on the UK market: some 40 per cent of its output is exported, mostly to EC countries including Germany and France, and these markets have held up reasonably well.

"Building up other people's confidence in us in our export markets was a 10-year process," says Mr Kay. "The Germans don't understand quality failure. *From their point of* view the fact that you are 500 miles away doesn't mean you can't deliver at 10am on Tuesday. They allow you just one hour each way on delivery."

Inveresk's priority now is to increase capacity utilisation at its mills and grow organically, but it is also keeping an eye on investment opportunities. These are likely to be in Germany, France or other EC countries, since most paper mills in the UK are owned by large groups. Part of the £20m revolving credit might have to be used to finance production to meet an upturn in demand.

In a few weeks' time the company should report pre-tax profits for the year to December 1 1991 of just under £6m. As for the future, Mr Kay says: "We recognise that our backers are not in it for a terribly long haul." The equity providers, as well as *Morgan Grenfell*, are County NatWest Ventures, 3i and Prudential Venture Managers.

Mr Kay lists the options: Inveresk could be sold to another company in a trade sale; it could obtain a quote through a reverse takeover; or it could seek a stock exchange listing.

"A trade sale is not personally very attractive to me," he says, "but there could obviously be a price at which it was acceptable. It's difficult to see who one would do a reverse takeover with. So that leaves a stock exchange listing. We're looking at it, but not on a tremendously urgent timescale. We're *thinking in terms* of the end of this year, next year or into 1994."

Lex profits disappear and it loses Volvo import concession

By Jane Fuller

LEX SERVICE, the motor group, yesterday announced the virtual disappearance of pre-tax profits in 1991 and the early ending of its exclusive import agreement with Volvo.

Volvo Concessionaires has been the mainstay of Lex's profits for years, making about £50m in 1988 and £13m last year. The share price shed 30p to close at 205p, about 40 per cent of its pre-1987 crash high.

Pre-tax profit fell from £9.1m to £500,000, after interest costs of £16.5m, on turnover of £1.32bn (£1.79bn). Losses per share were 3.2p (earnings 4.9p) and the final dividend is cut to 6p for a total of 10p (15.3p).

The ending of the Volvo agreement will bring in more than £100m for Lex. This com*prises £20m cash on completion*, £20m cash for properties, and three non-interest-bearing loan notes totalling £80m. It is anticipated that Lex will realise about £67m from their sale.

Sir Trevor Chinn, chairman and chief executive, said the group would have cash of about £70m by the end of this year, compared with £57m net debt in December for gearing of 34 per cent.

Combined with a 34 per cent stake worth more than £60m in Arrow Electronics, a US-based international distributor, this gave scope for expanding the motor dealership network, the vehicle leasing business and possibly taking on another import concession.

Last year, motor distribution contributed £14.9m trading profit on sales of £1.12bn. Volvo Concessionaires' shares were £18m and £564m.

Associates, mainly joint ventures in vehicle leasing, which in 1990 accounted for £540m of off balance sheet liabilities, contributed £800,000.

The group has now virtually *got out of electronic compo*nents distribution (other than the Arrow stake). Arrow bought the North American operation last year and the European one last month.

This was Lex's diversification of the 1980s after earlier forays into such things as hotels and employment agencies. However, even in the record year of 1988, vehicles accounted for all but £3.6m of £70.4m pre-tax profit.

Yesterday Sir Trevor said of the latest expansion plans: "We do not intend to enter any new business areas outside the automotive industry."

This year he expected demand for new cars to start to grow again, helped by the cut in special car tax in the Budget. The group would also enjoy the benefits of cost cuts.

See Lex

Increased losses at Bank of Ireland's US offshoots

By David Barchard

THE US subsidiaries of Bank of Ireland incurred an increased pre-tax loss of $123.4m (£70m) last year, up from $99.8m in 1990.

The result is a blow to any hopes of an early return to profits by Bank of Ireland in north America.

The bank said yesterday that the loss reflected the continuing recession in New Hampshire where its subsidiaries operated and the very severe decline in real estate values during 1991.

There is also a $4m extraordinary item arising from additional wind-down costs for Vendor Funding.

Total assets of Bank of Ireland First Holdings, which controls the US subsidiaries, rose by 52 per cent to $4.6bn, and total deposits were up by 63 per cent to $3.2bn. Loans increased by 31 per cent to $2.5bn.

The increase in *asset size* reflected the purchases last autumn of Amoskeag Bank and BankEast Corporation.

Mr Pat Molly, the chief executive, said that the core banking operations of the group's US banks had been hit by continuing losses on bad loans, but there were some signs now that problems with asset quality were slowing down.

He said that rationalisation of the two new banks was proceeding at an encouraging speed and they should help provide a material improvement in Bank of Ireland's trading performance in the US during the current year.

Overseas acquisitions and diversification lift Kerry

By Tim Coone in Dublin

KERRY GROUP, the Irish dairy and food-products manufacturer, yesterday reported a 25 per cent increase in pre-tax profits to I£24.1m (£22.5m) for 1991, on turnover up from I£584m to I£755m.

Earnings per share increased by 15 per cent to 14.5p and a *final dividend of 1.4p (1.39p)* is recommended for a total of 2.15p (2.1p).

The results have fulfilled market expectations of Kerry's long-term growth prospects resulting from its aggressive overseas acquisition programme and diversification into meat processing.

Meat processing now accounts for I£372m, or 49 per cent, of turnover, dairy products and food ingredients I£353m (47 per cent) while its agricultural division contributed *I£30m*.

On a geographical basis the turnover breakdown is: Ireland 36 per cent, UK and mainland Europe 38 per cent, and the US 25 per cent.

For the first time, meat processing has become the group's main activity, and Ireland has ceased to be its principal market. Based on turnover Kerry is now one of Ireland's top ten companies.

Most of the increased turnover comes from Kerry's acquisition of five meat processing plants in the UK and Ireland in the past year, together with their distribution networks, and the purchase of Dairyland Products, a food ingredient manufacturer in the US.

Kerry said it planned to follow up its success in the US food ingredients market "with a thrust into the European market".

Kerry has spent I£66m on acquisitions in the past 15 months. In May 1991 a placing of 6m shares raised I£10.8m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Global Group § ....fin	0.3†	May 14	-	0.5	0.5
Kerry Group ....fin	1.4♣	-	1.39	2.15	2.1
Lex Service ....fin	6	Apr 10	9.4	10	15.3
Thornton Pan-Eur.....fin	1	May 15	0.87	1	0.87
Trinity Intl ....fin	5.8	Apr 24	5.4	8.4	8
Walker (Thomas) .....int	0.18	Apr 24	0.18	-	0.86

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ♣Irish pence.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
500	F.P.	–	548	463	Amicable Smllr. Units	463		N3.1	–	0.9	–
106	F.P.	–	[illegible]	95	Avonside Group	102		L5.8	2.1	7.6	8.2
–	F.P.	–	378	378	Bodycote Intl. (RFD)	378		8.75	3.0	3.1	13.9
†	F.P.	–	75	58	Capital Industries 1p	58		–	–	–	–
70	F.P.	–	72	63	Fleming Inc & Cap Tst Inc.	63½		F4.73	–	9.9	–
100	F.P.	–	102	94	Do. Units	95	–½	F4.73	–	6.6	–
30	F.P.	–	32½	30½	Do Zero Div. Pf	32	–½	–	–	–	–
–	F.P.	–	39	23	Fleming Japanese Wrnts.	34	–1	–	–	–	–
–	F.P.	–	72	69	[illegible] Group (RFD)	70		2.4	1.2	4.6	23.4
£10¾	F.P.	–	£12¼	£10¾	Latin Am Inc & Appr. 1c	£12¼		–	–	–	–
100	F.P.	–	99	97	Lloyds Smlr Co's Pckg Uts.	97		–	–	4.8	–
38	F.P.	–	39	34	Do Dividend	37		–	–	–	–
62	F.P.	–	62	57	Do Capital	60		–	–	–	–
–	F.P.	–	11	4	Multitrust Warrants	11		–	–	–	–
–	F.P.	–	104	102	Riv & Mrc Tst Inc12 1/2p	103		N9.2	–	11.9	–
–	F.P.	–	124	117	Do Stepd Prf 12 1/2p	123	–½	N5.6	–	6.1	–
115	F.P.	–	128	121	Rosebys	127		14.3	1.7	4.5	14.6
–	F.P.	–	160	158	Usher-Walker (RFD)	160		5.5	1.3	4.6	21.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	101¼p	99½p	Bank of Ireland Units Non-Cum Prf A	99½p	-¼
10p	F.P.	-	10p	8p	Baltic Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P.	-	107½	98½	Cambourne Inds 10½pc Rd. Deb 2001	105½	
100p	F.P.	-	107p	100p	Fidelity Euro. Values Equity Ln 2001	107p	
105	F.P.	-	110	98	Greencore 9.5% Cnv Un Ln Stk 1995	[illegible]	
100p	F.P.	-	105¼p	99¼p	NatWest Bank 9pc Prf Series A	99½p	–¼
650p	Nil	-	135pm	115pm	Thorn EMI Non-Int. Bearing Cv Units	115pm	-4
‡	F.P.	-	75p	68p	Wembley 6p (Net) Cv Cum Prf 1999	68p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -
12	Nil	28/4	¼pm	½pm	Addison Consultancy	½pm	
410	Nil	22/4	115pm	52pm	Bespak 10p	106pm	
212	Nil	27/3	37pm	22½pm	British Vita	23pm	–3½
27	[illegible]	27/3	¼pm	¼pm	Caldwell Inv. 10p	¼pm	
415	Nil	20/3	60pm	48pm	ECC	60pm	+8
8	Nil	26/3	4pm	1¼pm	Maddox 5p	1¼pm	–¼
95	Nil	16/4	11pm	6pm	Raine Industries 10p	9pm	–½
4	Nil	3/4	¼pm	¼pm	West Trust	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium

TRADITIONAL OPTIONS

- First Dealings — March 2
- Last Dealings — March 13
- Last Declarations — June 11
- For settlement — June 22

3-month call rate indications are shown on page 13.

Calls in Amstrad, Cluff Resources, ISA Intl., Slough Ests., Sphere Inv. Trust and Tarmac. Put in British Telecom New partly-paid shares.

NEWS DIGEST

Cakebread shares dive on warning

SHARES IN Cakebread Robey & Co hit a new low of 25p yesterday, having started the day at 45p, after the builders' and timber merchant warned that losses for 1991 could exceed £1.3m and announced a board reshuffle.

The company said that the trading position was substantially worse than was envisaged at the time of the announcement of the half year figures in September.

Large losses on the manufacturing side were blamed, coupled with a disappointing year for the merchanting activities which had been hit by lower sales and reduced margins.

In 1990 group profits were £282,000, but by the interim stage losses of £191,000 were reported. Trading deteriorated further in the second half.

Manufacturing suffered from a combination of a shortage of orders in *the middle of the* year for Clark Hunt and Albion Design and large losses on some important contracts, mostly started in previous years.

Mr Christopher Bostock has resigned as chairman to be replaced by Mr Martin Earle. Mr Charles Smith has resigned as a director and Mr Kenneth Davies *is to* retire after the annual meeting.

Thornton Pan-Euro Trust lifts dividend

Thornton Pan-European Investment Trust reported a slight fall in net assets per *share* to 29.5p at the end of 1991, against 30p a year earlier. However, as at February 28, 1992 the figure had recovered to 31.2p.

Net revenue for the year fell from £241,015 to £220,962 after tax of £105,805 (£86,914). Earnings per share came out at 1.1p (1.92p), but the dividend has been raised to 1p (0.87p).

Headway losses double to £795,000

Pre-tax losses at Headway, the consumer and industrial goods specialist once known as Beaverco, were more than doubled to £795,000 in the six months to December 31.

Mr Denis Cassidy, chairman since late-October, said that "against the UK economic background" the performance was "satisfactory". The period of high seasonal activity is still to come, and with the reduction in borrowings already achieved, "a satisfactory conclusion to the year" is expected.

The comparative figures are previously unpublished because the group changed its year-end in September. Turnover, affected by the difficult trading conditions, slipped to £11.1m (£12.2m). Operating losses were £761,000 (profits £57,000), and were mostly, Mr Cassidy said, attributable to *Aronstead, the garden furni*ture company. The other companies in the group showed profits.

Interest payable was reduced to £319,000 (£504,000) and there was an exceptional gain of £285,000 relating to profit from a property sale.

After estimated tax credits of £262,000 (£134,000), losses for the period were halved to £533,000 (£1.08m) – there was no extraordinary charge this time. Losses per share grew to 4.2p (2.8p) and again there is no *dividend*.

Ossory disposals worth £15.75m

Ossory Estates, property owner and dealer, has sold for £3m in cash, its holding in Ossory Investments Ltd (OIL) to OIL Holdings, a subsidiary of Hypo-Bank.

Ossory has also sold a portfolio of its properties to OIL Property Investments. OIL paid £12.75m in cash for 93 High Street, Maidstone, let to the Royal Bank of Scotland; Express Buildings in Nottingham and Battery Park, a major retail park in Selly Oak.

Unilever expands Turkish interests

Unilever is to acquire the stakes held by the Turkish bank, Turkiye Is Bankasi and its pension fund, in Unilever's foods, detergents and household cleansers businesses in Turkey. This is in line with the bank's policy of concentrating more strongly on its banking activities.

As a result of the transactions, Unilever will raise its holding from 65 to 100 per cent in the Unilever-Is margarine, oils, fats and ice cream business and from 51 to 91 per cent in the Lever-Is detergents and cleansers operation.

Sharp fall at Thomas Walker

Pre-tax profits of Thomas Walker, maker of needles, pins and other metal smallwares, fell sharply from £36,700 to £2,600 in the six months to December 31 1991, on a static turnover of £1.78m, against £1.76m.

The company said the results showed the trend of trade generally, which became more sluggish from the middle of last November onwards.

After tax of £5,900 (£17,500) attributable losses were £3,300 *(£19,200 profits) representing* losses per share of 0.05p (0.31p earnings). The interim dividend however, was held at 0.18p.

Reduced losses for Forward Technology

Reduced losses of £872,000 were announced by Forward Technology Industries, maker of ultrasonic cleaning and welding equipment and specialist in duplicating tapes and discs, for the year to December 31. The loss for 1990 was £2.34m.

Mr Brian Chilver, the chairman, said that exceptional costs of £253,000 (£1.37m) reflected *the reorganisation of* the trading divisions. He added that the electronics activity had achieved a turnround in profitability of £1.3m because of rationalisation measures taken in 1990.

Turnover for the year fell to £39.8m (£44.6m) but there were operating profits of £111,000 against losses of £155,000. The loss per share fell to 2.4p (8.4p).

Allied Radio cuts deficit to £1.57m

Allied Radio, the former Third Mile Investment which, last September, acquired County Sound and Radio Mercury, covering Surrey, north Sussex and north Hampshire, reduced its pre-tax losses from £2.74m to £1.57m in the year to December 31.

However the merger was *completed only* a few days before September 30, the traditional year-end for UK commercial radio companies, and the date to which Allied will change its year-end. These results therefore, reflect only the activities of TMI, rather than the trading results of both radio stations, which are now the core business. The *accounts do show, though*, corporate costs and interest due on the loan stock since the merger.

Allied also owns 24.9 per *cent of Fox FM* in Oxfordshire and 20 per cent of Pirate FM in Cornwall.

Trading profits came to £66,000 (losses £484,000) and there was an exceptional loss of £764,000 (£1.54m) relating to a provision for the permanent diminution in value of the group's non-radio investment portfolio.

Losses per share were cut to 28.8p (83.4p).

Clarke Hooper warns of losses and no interim

By Richard Gourlay

SHARES in Clarke Hooper, the UK's only publicly-quoted sales promotion group, slumped from 38p to 11p yesterday after the company announced it will make a significant pre-tax loss for the year ending in April.

As a result the directors have decided not to pay the *interim dividend* of 1.7p which it announced last September.

The board said the company continued to trade within its banking facilities and continued to enjoy the support of its principal bankers.

At the interim stage Clarke Hooper reported profits halved to £820,000 and said that the business climate had been exceptionally difficult and showed little sign of an early recovery.

The directors said they were carrying out further rationalisation to reduce group debt.

Mr Alan Penson has been appointed chief executive and Ms Sue Archer, the company secretary, replaces him as finance director. Mr Barry Clarke remains chairman.

Johnson Matthey pays £2.2m for Swedish purchase

Johnson Matthey, already the *world's biggest producer* of automotive emission catalysts, has taken another step towards its goal of becoming a substantial global supplier of diesel autocatalysts by taking a controlling interest in Svenska Emissionsteknik, writes Kenneth Gooding.

Until now Emissionsteknik, which operates from a laboratory in *Gothenburg*, has been backed financially by Fond Vast, one of Sweden's national pension funds. JM is to pay Skr22.64m (about £2.17m) for 51 *per cent and has* an option to buy the rest. Taking up this option and proposed capital and development expenditure is expected to take JM's total investment *to £10m over the* next three years.

JM said that by combining JM and Emissionsteknik technology it would be able to treat emissions from all types of mobile and stationary petrol and diesel engines.

Attributable loss at Inoco increases sharply to £8m

Pre-tax losses at Inoco, the property development company, were reduced from £6.13m to £3.71m in the year to December 31.

Gross rents receivable slipped *to* £10.4m (£10.8m). The share of associated companies' losses grew to £1.2m (£799,000) though the exceptional costs declined to £691,000 (£1.78m).

Below the line however, there was an extraordinary loss of £4.32m (profit £1.51m) relating mainly to the sale of the investment in Gulf Resources & Chemical *Corpo*ration and the investment properties in Houston, Texas. This resulted in attributable losses of £8.01m, sharply up on last time's £4.27m, but *down on* the £10.4m at the interim stage. Losses per share were cut to 1.78p (2.79p).

On the plus side, voids throughout the year remained below 8 per cent – a "creditable performance in prevailing market conditions".

M T W T F S S

ECONOMIC DIARY

TODAY: Conservative central council meets in Torquay.
TOMORROW: National Savings results (February).
MONDAY: Parliament disolved. Meeting in Geneva of UN Compensation Fund to work out details on compensation payable by Iraq for its occupation of Kuwait (until March 20). European Community *economic and finance* ministers meet in Brussels. Financial Times holds a two-day conference called "World Pharmaceuticals" in London. Autumn-winter ready to wear fashion shows in Paris (until March 25).
TUESDAY: Public sector borrowing requirement (February). Index of output of the production industries (January). US consumer price index (February); *housing starts-*building permits (February); Industrial production (February). South Africa holds referendum on political reform. International Confederation of Free Trade Unions holds its 15th world congress in Caracas (until Mar 24). State of nation debate in Spanish parliament.
WEDNESDAY: Retail sales (February-provisional). Finland expected to apply formally for European Community membership.
THURSDAY: Cross-border acquisitions and mergers *(fourth quarter). Major British* banking groups' monthly statement (February). Provisional estimates of monetary aggregates (February). Gross domestic product (fourth quarter-provisional estimate). Personal income, expenditure and saving (fourth quarter). *Industrial and commercial* companies (fourth quarter). Labour market statistics: unemployment and unfilled vacancies (February-provisional); average earnings indices (January-provisional); employment, hours, productivity and unit wage costs; industrial disputes. US jobless claims; merchandise trade (January).
FRIDAY: Retail prices index *and tax and price index* (February). Summit of Commonwealth of Independent States in Kiev. Regional conference on turmoil in Horn of Africa and Somalia. Taiwanese National Assembly begins extraordinary session to debate democratic reforms.

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday March 13 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Mar 12 Index No.	Wed Mar 11 Index No.	Tue Mar 10 Index No.	Year ago (approx) Index No.	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (170)	796.15	+0.1	8.01	6.01	16.24	2.55	793.43	797.20	814.30	890.04	890.04 15/3 /91	675.31 16/1 /91	1038.07 16/7 /87	50.71 13/12/74
2	Building Materials (23)	957.74	-0.2	7.27	6.49	18.56	0.99	959.64	974.31	1005.26	1165.42	1167.75 14/3 /91	820.50 23/12/91	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (28)	881.08	-0.1	8.74	8.28	16.56	2.12	882.25	891.45	915.52	1438.66	1438.66 15/3 /91	822.60 23/12/91	1951.50 16/7 /87	71.48 2 /12/74
4	Electricals (7)	2463.20	-0.5	8.46	6.09	15.56	1.47	2475.25	2506.23	2566.42	2398.48	2675.40 1 /10/91	1837.98 22/1 /91	3040.80 8 /9 /89	84.71 25/6 /62
5	Electronics (26)	1808.70	-0.7	10.02	4.74	12.65	2.20	1820.75	1849.23	1883.66	1958.19	1958.19 15/3 /91	1478.08 16/1 /91	2308.22 19/5 /89	1229.01 8 /10/85
6	Engineering-Aerospace (8)	337.49	-1.5	10.04	7.70	12.97	9.52	342.68	349.03	357.63	444.02	469.23 9 /4 /91	313.50 14/2 /92	502.42 13/6 /90	313.50 14/2 /92
7	Engineering-General (43)	497.06	-0.2	9.22	4.75	13.43	1.21	498.03	501.95	506.41	466.90	506.41 10/3 /92	339.57 23/1 /91	506.41 10/3 /92	339.57 23/1 /91
8	Metals and Metal Forming (10)	330.70	+0.1	2.10	10.35	-	0.00	330.46	330.98	337.57	499.03	509.18 3 /4 /91	286.87 20/12/91	596.67 9 /10/87	49.65 6 /1 /75
9	Motors (14)	315.66	-1.4	7.37	7.43	18.58	2.90	320.16	323.15	326.26	358.15	371.25 6 /9 /91	266.43 16/1 /91	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrial Materials (19)	1605.73	+1.5	7.41	5.16	16.46	1.08	1582.48	1561.31	1596.21	1568.18	1695.01 2 /9 /91	1147.76 16/1 /91	1881.53 18/8 /89	277.55 15/1 /81
21	CONSUMER GROUP (187)	1627.13	-0.8	7.36	3.45	16.66	5.83	1639.80	1659.61	1688.40	1431.36	1688.40 10/3 /92	1188.45 16/1 /91	1688.40 10/3 /92	61.41 13/12/74
22	Brewers and Distillers (23)	2043.38	-0.8	7.84	3.47	15.37	7.92	2059.98	2105.42	2168.05	1786.90	2168.05 10/3 /92	1478.24 25/1 /91	2168.05 10/3 /92	69.47 13/12/74
25	Food Manufacturing (18)	1250.15	-1.3	8.80	4.17	14.11	5.59	1267.22	1270.93	1279.42	1176.18	1280.89 24/2 /92	1013.60 16/1 /91	1280.89 24/2 /92	59.67 11/12/74
26	Food Retailing (17)	2553.19	-2.0	8.64	3.25	15.04	4.06	2605.71	2651.18	2672.25	2630.89	2854.91 2 /5 /91	2231.21 22/11/91	2854.91 2 /5 /91	54.25 11/12/74
27	Health and Household (24)	4193.61	-0.3	6.42	2.49	17.68	19.73	4205.11	4219.99	4287.03	3068.50	4654.94 14/1 /92	2454.93 16/1 /91	4654.94 14/1 /92	175.38 28/5 /80
29	Hotels and Leisure (22)	1290.09	-0.2	7.01	5.28	18.14	8.54	1292.74	1326.03	1347.99	1388.55	1405.62 2 /9 /91	1066.91 25/1 /91	1845.77 8 /9 /89	54.83 9 /1 /75
30	Media (24)	1516.63	-1.2	6.44	3.61	19.52	2.97	1534.93	1547.27	1566.05	1470.80	1586.16 3 /3 /92	1166.91 16/1 /91	1586.16 3 /3 /92	1166.91 16/1 /91
31	Packaging, Paper & Printing (17)	745.95	-1.4	7.03	4.49	16.97	0.31	756.31	768.06	774.13	657.28	788.41 9 /9 /91	486.96 16/1 /91	788.41 9 /9 /91	43.46 6 /1 /75
34	Stores (32)	1035.30	-0.2	7.14	3.49	18.54	1.91	1037.75	1051.20	1076.66	918.76	1082.38 28/2 /92	766.89 29/1 /91	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (10)	651.34	-0.5	7.04	4.77	18.12	2.69	654.44	669.82	681.56	539.74	681.56 10/3 /92	396.58 28/1 /91	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (117)	1192.64	-0.8	10.03	5.55	12.57	8.87	1202.67	1223.13	1241.95	1210.51	1330.48 2 /10/91	961.05 16/1 /91	1330.48 2 /10/91	58.63 6 /1 /75
41	Business Services (16)	1346.66	-0.9	6.83	4.79	18.61	0.27	1359.26	1386.79	1407.12	1214.39	1451.74 16/1 /92	892.28 1 /2 /91	1451.74 16/1 /92	892.28 1 /2 /91
42	Chemicals (22)	1459.43	+0.1	7.19	5.02	17.02	20.02	1457.25	1482.67	1500.19	1248.95	1520.52 2 /9 /91	1004.01 16/1 /91	1545.46 5 /10/87	71.20 1 /12/74
43	Conglomerates (11)	1328.41	-1.1	10.73	7.61	11.38	3.18	1343.17	1352.59	1381.88	1609.97	1626.42 14/3 /91	1203.24 23/12/91	1819.46 11/8 /89	975.19 10/11/87
44	Transport (14)	2345.06	-1.4	5.41	4.84	24.40	2.93	2378.57	2414.72	2445.28	2235.30	2448.16 17/1 /92	1730.87 23/1 /91	2554.69 12/7 /89	90.80 29/6 /62
45	Electricity (16)	1154.54	-1.1	15.22	6.44	8.57	17.21	1167.13	1194.72	1214.26	1178.62	1286.51 2 /10/91	994.96 7 /1 /91	1286.51 2 /10/91	994.96 7 /1 /91
46	Telephone Networks (4)	1361.98	-1.7	11.51	4.60	11.34	16.02	1385.19	1406.15	1426.95	1391.70	1658.67 2 /10/91	1085.95 16/1 /91	1658.67 2 /10/91	517.92 30/11/84
47	Water (10)	2302.41	-0.4	18.52	6.91	5.95	0.00	2311.56	2380.35	2460.11	2489.83	2539.85 6 /9 /91	2134.83 16/1 /92	2539.85 6 /9 /91	1820.20 1 /5 /90
48	Miscellaneous (24)	1796.95	+0.4	3.69	5.46	24.01	1.26	1789.16	1819.92	1833.05	1904.80	2033.42 15/8 /91	1506.17 16/1 /92	2087.06 11/7 /89	60.39 6 /7 /75
49	INDUSTRIAL GROUP (482)	1279.74	-0.6	8.29	4.56	15.09	6.01	1287.94	1303.76	1326.54	1234.43	1326.54 10/3 /92	991.97 16/1 /91	1326.54 10/3 /92	59.01 13/12/74
51	Oil & Gas (18)	2003.54	+0.3	9.50	7.09	13.09	36.07	1997.49	2016.11	2056.00	2363.31	2509.42 23/7 /91	1997.49 12/3 /92	2528.70 3 /8 /90	87.23 29/5 /62
59	500 SHARE INDEX (500)	1347.92	-0.5	8.42	4.82	14.95	8.20	1355.24	1371.48	1395.76	1330.70	1424.90 2 /9 /91	1092.04 16/1 /91	1424.90 2 /9 /91	63.49 13/12/74
61	FINANCIAL GROUP (86)	689.95	-1.3	-	6.64	-	9.78	699.14	707.72	727.46	859.94	859.94 15/3 /91	667.36 16/1 /91	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	851.11	-1.6	4.78	6.41	45.15	21.90	865.10	877.73	906.80	941.20	990.15 6 /9 /91	695.08 15/1 /91	990.15 6 /9 /91	62.44 12/12/74
65	Insurance (Life) (6)	1406.40	-1.2	-	6.13	-	0.00	1423.12	1432.34	1471.34	1612.93	1632.53 4 /9 /91	1220.74 16/1 /91	1632.53 4 /9 /91	44.88 2 /1 /75
66	Insurance (Composite) (7)	447.82	-3.0	-	8.53	-	3.67	461.79	467.19	480.39	728.27	728.27 15/3 /91	447.82 13/3 /92	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	981.02	-0.2	8.04	6.11	16.29	12.58	983.07	978.02	993.53	1140.75	1202.38 5 /4 /91	932.88 23/1 /91	1399.56 17/7 /87	65.86 16/12/74
68	Merchant Banks (7)	449.69	-0.8	-	4.61	-	2.26	453.54	464.23	468.09	448.97	490.05 15/11/91	327.70 16/1 /91	547.59 12/10/87	31.21 7 /1 /75
69	Property (33)	699.19	+0.5	8.23	6.49	16.64	0.93	695.56	704.82	725.16	1087.65	1087.65 15/3 /91	695.56 12/3 /92	1398.87 5 /9 /89	56.01 20/4 /65
70	Other Financial (14)	239.04	-0.6	8.43	7.30	15.59	1.38	240.53	243.42	244.84	298.63	298.63 15/3 /91	225.10 23/12/91	603.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (68)	1166.40	-0.4	-	3.79	-	7.30	1170.50	1178.79	1190.12	1220.31	1261.80 6 /9 /91	947.19 16/1 /91	1323.81 4 /1 /90	71.12 13/12/74
99	ALL-SHARE INDEX (654)	1192.12	-0.6	-	5.00	-	8.36	1199.62	1213.87	1236.54	1214.67	1284.07 6 /9 /91	987.46 16/1 /91	1284.07 6 /9 /91	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Mar 12	Mar 11	Mar 10	Mar 9	Mar 6	Year ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX♦	2476.0	-17.3	2499.0	2474.2	2493.3	2522.4	2574.8	2550.7	2533.1	2494.2	2679.6 2 /9 /91	2054.8 16/1 /91	2679.6 2 /9 /91	986.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri Mar 13	Day's change %	Thu Mar 12	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (27)	121.95	-0.21	121.60	2.13	2.13
2	5-15 years (25)	133.31	-0.46	133.93	1.80	3.54
3	Over 15 years (9)	142.18	-0.66	143.12	1.42	2.76
4	Irredeemables (6)	159.18	-0.31	159.69	2.75	1.50
5	All stocks (67)	131.95	-0.39	132.47	1.93	3.00
	Index-Linked					
6	Up to 5 years (2)	169.85	-0.20	170.19	0.30	1.37
7	Over 5 years (9)	145.87	-0.48	146.57	0.54	1.20
8	All stocks (11)	148.04	-0.44	148.69	0.51	1.21
9	Debs & Loans (62)	116.46	-0.26	116.77	2.22	2.99

	AVERAGE GROSS REDEMPTION YIELDS		Fri Mar 13	Thu Mar 12	Year ago (approx.)	1991/92 High	1991/92 Low
	British Government						
1	Low	5 years	9.20	9.10	9.43	10.14 16/1 /91	8.42 12/11/91
2	Coupons	15 years	9.50	9.43	9.81	10.24 2 /1 /91	9.08 27/2 /92
3	(0%-7¾%)	20 years	9.50	9.43	9.98	10.26 2 /1 /91	9.08 27/2 /92
4	Medium	5 years	9.89	9.77	10.23	11.15 2 /1 /91	9.34 27/2 /92
5	Coupons	15 years	9.63	9.54	10.21	10.62 2 /1 /91	9.14 27/2 /92
6	(8%-10¾%)	20 years	9.57	9.49	10.20	10.50 2 /1 /91	9.11 27/2 /92
7	High	5 years	10.12	10.00	10.38	11.25 2 /1 /91	9.57 27/2 /92
8	Coupons	15 years	9.75	9.66	10.38	10.80 2 /1 /91	9.23 27/2 /92
9	(11%-)	20 years	9.66	9.58	10.38	10.67 2 /1 /91	9.17 27/2 /92
10	Irredeemables	†	9.65	9.62	10.11	10.46 2 /1 /91	9.28 27/2 /92
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs	3.70	3.63	3.75	4.48 15/7 /91	3.52 4 /3 /92
12	Inflation rate 5%	Over 5 yrs	4.48	4.44	4.20	4.48 13/3 /92	4.09 18/2 /91
13	Inflation rate 10%	Up to 5 yrs	3.07	2.99	2.39	3.60 9 /7 /91	2.13 21/2 /91
14	Inflation rate 10%	Over 5 yrs	4.31	4.26	4.03	4.31 13/3 /92	3.90 12/4 /91
15	Debs &	5 years	11.06	11.02	11.86	12.63 9 /1 /91	10.77 12/2 /92
16	Loans	15 years	10.82	10.78	11.62	12.38 18/1 /91	10.59 12/2 /92
17		25 years	10.66	10.62	11.41	12.16 18/1 /91	10.44 27/2 /92

♦Opening index 2499.0; 9 am 2495.4; 10 am 2489.0; 11 am 2494.1; Noon 2488.8; 1 pm 2490.7; 2 pm 2494.3; 2.30 pm 2493.7; 3 pm 2492.4; 4.10 pm 2474.6; (a) 8.32am (b) 4.12pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-925 2323. CONSTITUENT CHANGES: ADDITION: Halstead (James) (42); DELETION: Marlow Developments (29).

LONDON TRADED OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Alld Lyons (*618)	550	73½	81½	-	2¼	10½	-
	600	34½	47½	65½	12	27½	34½
	650	12½	25	42½	37½	54½	62½
ASDA (*37)	34	4	-	-	2	-	-
	40	-	3¼	6½	-	6	7½
	43	1½	-	-	5¾	-	-
Brit. Airways (*250)	240	18	26	32½	6	14	20½
	260	6½	15	22½	14½	24	28½
	280	2	5¾	14½	30½	38½	41½
SmKl Beecham A (*865)	800	76½	101	-	4	16	-
	850	39½	66½	87	16½	32½	43½
	900	16	41½	61½	43½	56½	66½
Boots (*448)	420	36½	43	55	2½	9½	12½
	460	8½	19	32½	16½	27	30
B.P. (*263)	260	11½	17	21	5	11	15
	280	2½	8¾	12¾	18	24	26
British Steel (*76)	70	6½	9½	10¾	1¾	3	4½
	80	1½	4½	6¾	6¾	7¾	8½
Bass (*539)	525	27½	39½	55½	8	19	22
	550	14	29	42½	20½	30½	33½
C & Wire (*600)	600	21½	38½	55½	17	29½	36
	650	5	18	33½	51½	60½	64½
Courtaulds (*515)	500	25	38	51½	7½	22	26½
	550	4½	16½	29½	37½	49	53½
Com. Union (*414)	420	13	27½	33½	13	18½	26
	460	1½	11½	17	46	47½	50½
Fisons (*351)	330	35½	43	57½	5	14½	17½
	360	15½	28	40	15½	26	32
GKN (*335)	330	15½	28½	32	7½	15½	22½
	360	5	15	20	27	30	39
Grand Met. (*892)	850	56½	86½	-	-	8	21
	900	27	56½	75½	27½	38½	50
I.C.I. (*1255)	1250	43½	88½	108	27½	43½	61½
	1300	22	60½	83½	56½	69½	85½
Kingfisher (*484)	460	33½	41	52½	5½	14½	21½
	500	11	20½	32½	22½	36½	40½
Ladbroke (*225)	220	12½	18½	25½	9	13½	18½
	230	7	-	-	14½	-	-
Land Secur (*419)	420	11½	17½	24½	9	22½	26½
	460	2	4½	10½	41½	32½	56½
M & S (*315)	300	23½	28½	38½	4	7½	10½
	330	5	12	22½	17	22	23½
Sainsbury (*381)	360	25½	31½	42½	2½	8	10½
	390	8½	15½	25½	14	21½	23½
Shell Trans. (*445)	420	33	46½	53½	2½	7	11½
	460	8	22	30½	18	20½	28
Storehouse (*116)	110	9	13½	17	2½	7	8½
	120	4	8	11½	7¾	11½	12½
Trafalgar (*127)	120	12	15½	20	3½	9½	12½
	130	7	10½	15½	8	14½	17½
Utd. Biscuits (*407)	390	18½	28	37½	8½	12½	18½
	420	4	14½	23	25	28½	33½
Unilever (*924)	900	36	59	83½	17	27½	33
	950	11½	34	56	46½	54½	57½
Ultramar (*245)	240	1½	-	-	35½	-	-
	260	1	4½	-	54½	-	-
Option		May	Aug	Nov	May	Aug	Nov
Brit Aero (*318)	300	32	42½	47½	11½	15½	22
	330	16½	26½	32	22½	30	35

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
BAA (*546)	500	59	65	-	4	12	-
	550	25½	36	50	22	31½	36½
BAT Inds (*641)	600	48½	57½	66½	10½	20½	28½
	650	20½	29½	40½	30½	43½	53½
BTR (*402)	390	20	30	36	13½	17½	23
	420	7	17½	22	33	35½	38½
Brit. Telecom (*318)	300	27	34	37½	3¾	7¾	10
	330	9	15	21	16	22	24
Cadbury Sch (*446)	420	41½	55½	66½	7½	13	18½
	460	16	32½	44½	22½	29½	35½
Eastern Elec (*237)	230	18	-	-	7	-	-
	240	-	16½	20	-	19½	22
Guinness (*560)	550	29½	45½	58½	15½	20	26½
	600	9½	22½	34½	44½	47½	54½
GEC (*204)	200	12	15½	18	4	9	10½
	220	4	6¾	9¾	16	22	23
Hanson (*219)	200	24	27½	30	1¼	4	6¾
	220	9¾	14¾	18	7¾	11	14
LASMO (*184)	180	13½	19	24½	11½	16½	18½
	200	6½	11	16½	26	27	30½
Lucas Inds (*118)	110	10	15½	19	3¾	5	8
	120	6¾	10½	14	8	9½	13½
P. & O. (*385)	360	32½	38½	40½	18	24½	35½
	390	15	25	28	35½	39½	52½
Pilkington (*127)	120	13½	12½	17½	5½	9½	12
	130	8	8	13	9½	15½	17½
Prudential (*229)	220	13½	20½	23½	7	11	12½
	240	5	10½	14½	18½	21½	23½
R.T.Z. (*573)	550	29½	47½	58½	17	34½	29½
	600	10½	-	-	48½	-	-
Scot. & New (*456)	420	44½	55½	60½	5	10	14½
	460	21	30	37½	17	25½	30½
Tesco (*243)	240	12½	20	25	7	9½	11½
	260	5¾	10½	15½	20	20½	22
Thames Water (*349)	330	33½	37½	-	9	16½	-
	360	16½	20½	28	22½	32½	34½
Vodafone (*343)	330	26½	32½	42½	8	14	18
	360	11	18½	28	24½	29½	32½
Option		Mar	Jun	Sep	Mar	Jun	Sep
Abbey Nat. (*265)	260	8½	20	26	1	7	10
	280	½	9½	14½	15	16½	20½
Amstrad (*35)	30	4½	8¾	9½	½	2½	4
	35	1	5½	7¼	1¾	5	6¾
Barclays (*337)	330	9½	28	33½	1½	11	16½
	360	½	12½	17½	23	28	32½
Blue Circle (*253)	240	12½	20	27	1	12½	16½
	260	2	11	17½	9	22½	26½
British Gas (*250)	240	10½	16	22	½	7½	9½
	260	½	6½	12	11	18	20
Dixons (*224)	220	5½	19	22½	3	10½	14
	240	1¼	10½	13½	17	23	25½
Eurotunnel (*440)	420	26	53	65	3½	18½	27½
	460	5½	30	40½	23	35½	45½
Glaxo (*786)	750	39½	81½	105	2½	27	43½
	800	7½	54½	76½	21	48½	64½
Hillsdown (*172)	160	11	16	21½	2	9	12
	177	2	-	-	8	-	-
Lonrho (*95)	90	7½	-	-	2½	-	-
	100	2	12½	17½	7	13½	20

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Midland Bk (*250)	240	11	27	33½	1¼	11½	14½
	260	3	17½	24½	10	21	25
National Power (*204)	195	9½	-	-	½	-	-
	205	2½	13½	17½	4	9¼	14½
Reuters (*1125)	1100	30	81½	110	6	47½	66½
	1150	6½	56½	85	31½	73	90
R. Royce (*145)	140	5	13	17	2¾	5¾	9
	160	½	4	8¼	15	17	19
Scottish Power (*99)	90	9	13	14	½	2	5½
	100	1¼	7	7½	3	6	10½
Sears (*99)	90	8½	11	12½	½	4	5½
	100	1¼	5	7½	3	8¼	9
Forte (*229)	220	8½	17	21½	1¼	10	12
	240	1	7½	12	10½	21½	23
Thorn EMI (*768)	719	47½	73½	77	1	6	19
	769	7	41	45½	7½	22½	41½
TSB (*126)	120	7	12½	13½	½	3¾	6
	130	1	7	8¼	4½	9	10½
Vaal Reefs (*553)	50	4	6½	7½	½	2¼	4
	60	½	2¼	4	6	8¼	10
Wellcome (*982)	950	43½	95	128	3¾	40½	51½
	1000	12	69	100	22	62½	76

EURO FT-SE INDEX (*2475)

	2325	2375	2425	2475	2525	2575	2625	2675
CALLS								
Mar	143	98½	60½	32½	13½	5	1½	1
Apr	183	144	110	81½	56½	38½	25	15
May	204	-	134	-	78½	-	39½	-
Jun	218	-	150	-	97	-	55	-
Sep	260	-	192	-	137	-	92½	-
Dec	290	-	220	-	170	-	120	-
PUTS								
Mar	4	9½	19½	39½	71	110	156	206
Apr	28½	40½	54½	74	99	130	166	206
May	36½	-	65½	-	107	-	167	-
Jun	41	-	70	-	110	-	167	-
Sep	57½	-	77½	-	117	-	167	-
Dec	70	-	90	-	130	-	170	-

FT-SE EUROTRACK 100 INDEX (*1154)

	1025	1050	1075	1100	1125	1150	1175	1200
CALLS								
Mar	-	110	85	60	36½	14½	2½	½
Jun	157	135	110	89½	-	-	-	-
PUTS								
Mar	-	½	½	1	2	5	17½	40½
Jun	4	5½	9	16	-	-	-	-

FT-SE INDEX (*2475)

	2300	2350	2400	2450	2500	2550	2600	2650
CALLS								
Mar	176	129	85½	49	23½	8½	3½	1½
Apr	207	167	130	99	70½	48	32	19
May	223	184	151	120	91	69	49	36
Jun	240	201	165	132	106	81	63	46
Dec †	310	-	247	-	180	-	129	-
PUTS								
Mar	4	8	15½	30½	57	97½	144	194
Apr	26	36½	51	72½	95½	126	161	202
May	34	46	61½	80½	104	133	167	205
Jun	41	52½	67½	85½	107	138	171	210
Dec †	60	-	90	-	133	-	180	-

March 13 Total Contracts 25,405
Calls 13,648 Puts 11,757
FT-SE Index Calls 4,911 Puts 5,834
Euro FT-SE Calls 542 Puts 663
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry mths
Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p								
Allied-Lyons	55	Charter Cons.	40	Ladbroke	17	Sears	7½	■ OILS	
Amstrad	3	Comm Union	38	Legal & Gen	31	SmKl Bchm A	76	Aviva Pet	1¼
Astec (BSR)	3	Courtaulds	39	Lex Service	18	TI	48	BP	22
BAT Inds	50	Eurotunnel	39	Lloyds Bank	31	TSB	10½	Burmah Castrol	40
BOC	48	FKI	5½	Lonhro	20	Tesco	17	Conroy Pet	7½
BTR	32	FNFC	12	Lucas Inds	9	Thorn EMI	65	Gaelic Res	½
Barclays	31	Forte	19	Marks Spencer	[illegible]	T & N	11	Premier Cons	3
Blue Circle	22	GKN	25	Midland Bank	19	Unilever	70	Shell	37
Boots	33	Gen Accident	38	NatWest Bank	24	Vickers	14	Tuskar Res	1
Bowater	55	GEC	15	P & O Dfd	34	Wellcome	75	■ MINES	
Brit Aerospace	27	Glaxo	70	Racal Elect	4½	■ PROPERTY		RTZ	39
British Steel	6	Grand Met	75	RHM	18	Brit Land	21		
Brit Telecom	24	GRE	11	Rank Org	45	Land Sec.	[illegible]		
Cadburys	33	Hanson	10	Ratners	5	MEPC	31		
		ICI	90	Reed Intl	40	Mountleigh	2½		

Homestake agrees merger with International Corona

By Bernard Simon in Toronto

HOMESTAKE Mining of San Francisco is to merge with Canada's International Corona to create one of the biggest gold producers outside South Africa.

The two companies said yesterday that they had agreed in principle to a "business combination" in which Homestake would offer Corona shareholders 0.35 of a Homestake share *for each of Corona's* 83m common shares.

The merger values Corona at *about US$400m, with Homes*take shares trading yesterday at US$14 (down $1) on the New York Stock Exchange following the announcement of the deal. Corona's shares jumped 85 cents to C$5 (US$4.23) on the Toronto Stock Exchange.

Dundee Bancorp, Corona's controlling shareholder, has *agreed to tender its shares to* Homestake.

The combined company expects to produce 1.8m ounces of gold this year from mines in the US, Canada and Australia. Its reserves will total about 20m ounces.

Corona's main assets are its low-cost mines in the Hemlo gold field in north-western *Ontario and the recently dis*covered Eskay Creek deposit in British Columbia.

*In spite of its valuable prop*erties, Corona has been strained in recent years by the sliding gold price and its heavy debt. It suffered a loss of C$13.3m in the first nine months of last year.

*Corona also requires financ*ing to develop the Eskay Creek property. In addition, Homestake has gained both technical and environmental experience at its operations in California which will be useful in the Eskay Creek project.

On the other hand, Homestake has lacked the long-life, low-cost mines which Corona will bring to the deal.

Prior to the deal with Homestake, Corona was in the *midst of plans to restructure* its C$323m debt, including proposals for a share issue.

Ahold lifted by US performance

By Ronald van de Krol in Amsterdam

HIGHER earnings in the US *helped lift annual net profits* at Ahold, the Dutch-based food retailer, by 13.4 per cent to Fl 275.8m ($146.7m) in 1991.

The company, whose sales are evenly split between the US and the Netherlands, yesterday forecast further *increases in both sales and net* profit for 1992.

Operating results in the Netherlands were barely changed last year at Fl 192.6m, but US operating earnings surged 54.4 per cent to $145.3m, boosted in part by the acquisi*tion in the second quarter of* a fourth supermarket chain, Tops Markets in New York state. Excluding Tops' results, US operating profit rose 24.3 per cent.

Ahold, which is the Netherlands' biggest grocer through its Albert Heijn supermarket chain, is to increase its 1991 dual-currency dividend to Fl 1.05 and 40 *cents a share*, from Fl 1.04 and 32 cents.

Group sales rose 18.5 per cent to Fl 20.8bn, with Dutch sales up 8 per cent at Fl 10.3bn *and US sales* up 27 per cent at $5.6bn. Excluding the Tops supermarkets, US sales growth was 5.2 per cent.

Ahold said its Dutch institutional food-supply subsidiary posted an operating loss in 1991 while undergoing restructuring. The company also incurred start-up costs in Czechoslovakia, where Ahold *has four pilot supermarkets* which it hopes to expand to a wider network of 40 to 50 shops in the medium term.

Elf share offering declared successful

By William Dawkins in Paris

THE flotation of a 2.3 per cent stake in Elf Aquitaine, the French state-controlled oil group, *was a success, with* subscriptions for 3.22 times the number of shares on offer, the Société des Bourses Françaises announced yesterday.

The rush for shares in the second in the government's programme of partial privatisations came despite the fact that the issue was offered earlier this week at FFr360 *($63.90) – only a small dis*count to the market. The market price even fell slightly below the issue price, to recover yesterday afternoon to FFr362, up FFr1.80 for the day.

By the time subscriptions had been counted, there were applications for 10.9m shares, against 3.38m on offer. The government managed to add another 360,000 shares to the offer by buying back shares which had earlier been placed *abroad. Accordingly, investors* will receive around 34 per cent of the shares they applied for.

The international tranche of the offering was swallowed up on Wednesday, the first day of subscription, with French investors slower to apply for stock.

The Elf sale initially got off to a false start last December, when the government was obliged to postpone the offer because of the poor state of the stock market. The bourse has recovered strongly since then, *with the CAC-40 index show*ing in a 10.5 per cent rise since the beginning of the year.

Porsche falls to DM2m at halfway

By Andrew Fisher in Stuttgart

PORSCHE, the German maker of expensive sports cars which has been beset by controversy over *management appoint*ments and the role of its controlling family shareholders, made almost no profit in the first half of this financial year.

Pre-tax profits had slumped from DM65m to DM2m ($1.2m), Mr Arno Bohn, chief executive, told the annual meeting yesterday. He said Porsche expected to make a profit for the full year ending *July 1992, but* warned of the risks that could stem from high claims in the coming wage round.

Nor did he have any hope to offer about the near future. "There are no signs of economic turnround in the US or other important export markets," Mr Bohn said. He expected group turnover this year to *drop to around DM2.5bn, 20 per* cent less than in 1990-91.

Despite the problems surrounding the company, its management and the supervisory board (representing the Porsche and Piëch families and employees), the annual meeting was a fairly low-key affair. Shareholder criticism was occasionally sharp but without rancour. *The family members* on the non-executive supervisory board kept silent.

Arno Bohn: sees no sign of improvement in export sales

Mr Bohn himself made no comment *on the recent tussle* with the supervisory board, which first failed to confirm him in office and then, after he threatened to resign, gave him a three-year contract renewal.

However, representatives of preference stockholders – the *two families* hold all the voting shares – criticised the 12-man non-executive board, especially the five family members, for *allegedly having dented* the company's image by their indecision and willingness to leak details of boardroom policy.

Mr Werner Futter, representing a small shareholder association, said the resultant publicity had harmed the Porsche marque and was bad for employee motivation. "We never want to experience this again," *he declared.*

Shareholders clapped, and Mr Walther Zügel, a local banker who spoke on behalf of the supervisory board, of which *he is a member*, remarked: "I assume from the clapping that you have scored a bull's-eye."

Mr Bohn admitted this *month* that the company's image had not been helped by a series of management departures. *The latest has just* occurred in the US, where the president of Porsche Cars North America resigned over unspecified policy differences.

It is in the US that Porsche has suffered most demand weakness. Sales there in the first *six months fall* 54 per cent to 1,800 cars. Other export sales were down by 38 per cent to 3,700 cars, while *those* in Germany rose by 20 per cent to 5,050. Total half-year turnover was 23 per cent lower at DM1.1bn.

Mr Bohn pointed out, however, that Porsche's new 968 four-cylinder model (priced from DM92,000) *had only been* fully available since December and the eight-cylinder 928GTS (DM159,000) from January.

Porsche was continuing its cost and staff reductions which would allow it to break even on sales of 21,000 cars a year *against 28,000 in 1989-90.*

AEG cancels agreement on Olympia

By David Waller in Frankfurt

AEG, *the Daimler-Benz* subsidiary, has cancelled its agreement to sell the German distribution and customer service operations of Olympia, the office equipment and typewriter company.

Last week AEG announced a preliminary agreement *to sell* the business – which employs 525 people – to Mr Jürgen Sievers, a management consultant who had been advising on the restructuring at Olympia since August last year.

Yesterday AEG said that, *after publishing details of the* disposal last week, it had discovered details about Mr Sievers' past business activities which made it unwilling to complete the sale.

The Frankfurt-based company did not disclose what it had discovered about *Mr Sievers*. It said that it was ending his consultancy contract with the company immediately.

AEG is now in talks with *other parties about a possible* sale of the business.

Orkla pre-tax profits halved at NKr601m

By Karen Fossli in Oslo and Hilary Barnes in Copenhagen

ORKLA, the Norwegian group *with interests ranging from* paper to food and drinks, has revealed 1991 pre-tax profits of NKr601m ($91.6m), or half the level achieved the previous year.

The group, which last June merged with Nora Industrier, took a *NKr236m non-recurring* charge against plant closures and goodwill. It also suffered a NKr165m share portfolio loss.

Group operating revenue rose to NKr16.13bn from NKr15.46bn, while operating profit dropped to NKr868m from NKr911m.

Orkla said that, with the exception of snacks, all branded food and drink goods had improved operating margins. However, negative market developments for pulp affected the wood processing division.

A dividend of NKr3.75 a share is declared, and a one-for-10 bonus issue is proposed.

● Norske Skog, the pulp and *paper producer, posted* a decline in net profits to NKr370m for 1991, against *NKr959m the previous year.*

The company warned that 1992 profits would fall further.

A change in accounting principles has given Norske Skog extra one-off income of NKr110m.

● Vital Forsikring, the Norwegian *insurance group*, reported 1991 profit, before year-end adjustments, down 53 per cent at NKr718m.

Vital explained that the figures for the last two years were not directly comparable due to changes in collective premium rates.

The dividend is being held at NKr4.75 a share.

● Superfos, the Danish grain and fodder, construction, packaging and chemicals group, said that profits after non-recurring items and tax had *fallen from* DKr177m ($27.2m) to DKr126m.

Sales dipped from DKr6.88bn to DKr6.64bn, primarily because of disposals.

An unchanged dividend of DKr90 a share is proposed.

Air France takes stake in CSA

AIR France, the French state-owned airline, yesterday became the first western carrier to buy a stake in an existing eastern European airline, when it signed its alliance with CSA of Czechoslovakia, writes William Dawkins.

The French group has paid the equivalent of $60m for a 40 per cent share in CSA.

The payment *is being made* equally by the London-based European Bank for Reconstruction and Development (EBRD) and an Air France subsidiary, itself jointly owned with the Caisse des Dépôts et Consignations, the French state financial institution.

A large part of Air France's own investment will be paid in kind, in the form of technical and training help and the *transfer of maintenance and* other tools.

Outokumpu slips deeper into red

By John Burton in Stockholm

OUTOKUMPU, *the Finnish* mining and metals group, yesterday reported a loss of FM768m ($168.8m) before extraordinary items, against a deficit of FM124m in 1990.

The losses came in spite of 12 per cent sales growth to FM12.6bn, and were heavier than the company had expected. As a result it will not pay a dividend. Shareholders received FM0.77 last time.

Outokumpu, which is 57 per cent state-owned, said market conditions had worsened during the last four months of 1991.

Earnings were hurt by the devaluation of the Finnish markka in November, which cost the company *FM90m* in foreign exchange losses.

Rationalisation measures in its copper and base metals units also reduced profits by *FM220m.*

Outokumpu said it expected earnings to improve this year due to better market conditions. Exports are also expected to increase due to the devaluation, while rationalisation measures should increase efficiency.

Base metal production operations incurred a FM120m loss before extraordinary items, compared with a FM312m profit in 1990. Outokumpu said this division was especially sensitive to economic cycles and metal price fluctuations. Outokumpu Zinc achieved a satisfactory result.

Its stainless steel operation achieved new production records in rolled stainless steel and ferrochrome. Its profit before extraordinary items rose to FM301m from FM95m.

The technology sector had a difficult year *and its loss deep*ened to FM212m from FM103m.

Write-downs set back Ambroveneto

By Haig Simonian in Milan

BANCO Ambrosiano Veneto (Ambroveneto), Italy's largest private-sector bank, has announced that net parent *company profits last year had* fallen 23 per cent to L131bn ($104.8m) following write-downs on the book value of two subsidiaries.

However, gross profits rose 8 per cent to L605bn, prompting a L10-a-share dividend increase to *L150 for ordinary shares* and L170 for savings shares.

Preliminary figures for the group showed net earnings would rise by more than 20 per *cent to L230bn* in 1991.

The write-downs involved the bank's Naples-based Ambroveneto Sud subsidiary, bought last year from Citibank, and *Fiscambi*, a financial ser*vices subsidiary. Ambroveneto* wrote down Ambroveneto Sud's book value by L170bn, and that of Fiscambi by L23bn. Overall provisions, write-downs and transfers to risk funds amounted to L359bn.

Ambroveneto Sud lost *L38.7bn in 1991 against* net profits of L4.3bn the previous year. However, the swing largely stemmed from a huge increase in provisions and transfers to risk funds, which jumped to L64.6bn from L34.2bn the previous year.

The rise in Ambroveneto's gross profits stemmed from a 12.4 per cent increase in inter*est income to L1,228bn, while* fee earnings climbed 8.5 per cent to L364bn. However, costs grew 13.6 per cent to L993bn, swollen by the opening of 46 new branches.

The bank proposed a share-swap to buy out remaining *minority shareholders in* Ambroveneto Sud, who hold around 8 per cent of the stock. Shareholders will be offered 13 Ambroveneto ordinary shares *for every 10 shares they own in* Ambroveneto Sud.

Scitex buys US maker of image systems

By Hugh Carnegy in Jerusalem

SCITEX, the Israeli manufacturer of colour electronic pre-press equipment, has moved to deepen its penetration of the US newspaper, magazine and corporate publishing markets by buying a Massachusetts-based maker of photo-scanning and transmission systems.

Scitex has agreed to pay $35m, plus unspecified performance-related payments over the next two years, for 100 per cent of *Leaf Systems.*

Leaf, which has a strategic partnership with Associated Press, the US news agency, has installations at more than 1,000 newspapers, mainly in the US.

Leaf and Scitex intend to benefit from the combination of their respective expertise in photo and graphic-imaging technologies.

Mr Arie Rosenfeld, Scitex's chief executive, said the agreement would help his company achieve a spread of products for publishers "from design and creation through colour *separation to final print*".

Scitex, which last month announced a 31 per cent increase in profits in 1991 to just over $100m, had cash reserves at the end of last year of $150m.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991/92	Low 1991/92
Gold per troy oz.	$347.0	-2.7	$365.8	$403.25	$345.25
Silver Per troy oz	240.14p	-1.26	223.45p	280.55p	183.35p
Aluminium 99.7% (cash)	$1282.5	+4.5	$1511	$1570	$1082.5
Copper Grade A (cash)	£1300.5	+0.5	£1308	£1472	£1147.0
Lead(cash)	£297.75	+4.0	£337.5	£382.5	£279.00
Nickel (cash)	$7445	-180	$8635	$9237.5	$7090.0
Zinc SHG (cash)	$1231	+25.0	$1194	$1430	$990.25
Tin (cash)	$5610	-15	$5490	$5915	$5425.0
Cocoa Futures (May)	£678	nc	£697	£829	£596
Coffee Futures (Mar)	£481	+23	£556	£620	£458
Sugar (LDP Raw)	$212.1	+5.0	$232.5	$293	$194
Barley Futures (May)	£115.50	-1.95	£120.20	£122.95	£107.75
Wheat Futures (May)	£127.15	+0.55	£132.80	£141.10	£111.80
Cotton Outlook A index	54.60c	-0.70	84.30c	88.25c	54.40c
Wool (64s Super)	472p	-8	330p	480p	329p
Oil (Brent Blend)	$17.75x	+0.30	$18.225	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-May.

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$15.55-5.60z	+.375
Brent Blend (dated)	$17.70-7.80z	+.425
Brent Blend (Apr)	$17.85-7.90	+.35
W T I (1 pm est)	$18.55-8.60z	+.425
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$192-193	
Gas Oil	$161-162	+3
Heavy Fuel Oil	$174-176	+2
Naphtha	$173-174	+1
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$347.0	-0.7
Silver (per troy oz)♣	411.0c	
Platinum (per troy oz)	$359.0	-2.0
Palladium (per troy oz)	$83.95	-0.8
Copper (US Producer)	104.82	-0.96
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.10r	+0.01
Tin (New York)	261.50c	
Zinc (US Prime Western)	82c	
Cattle (live weight)†	108.01p	-1.08
Sheep (live weight)†♣	100.26p	-0.21
Pigs (live weight)†	85.71p	-2.77
London daily sugar (raw)	$212.1v	-1.6
London daily sugar (white)	$270.5v	
Tate and Lyle export price	£231.5	-1.0
Barley (English feed)	£121.5	
Maize (US No. 3 yellow)	£148.0	
Wheat (US Dark Northern)	Unq.	
Rubber (Apr)♥	54.25p	+0.5
Rubber (May)♥	54.50p	+0.5
Rubber (KL RSS No 1 Mar)	210.5m	
Coconut oil (Philippines)§	$570.0t	-7.5
Palm Oil (Malaysian)§	$400.0	+5.0
Copra (Philippines)§	$452.5w	+7.5
Soyabeans (US)	£157.5q	
Cotton "A" index	54.60c	+0.2
Wooltops (64s Super)	472p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg. q-Mar t-Jun/Jly u-Jan/Mar v-Mar/Apr y-Feb/Mar w-Apr z-May. †Meat Commission average latstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)				
Raw	Close	Previous	High/Low	
May	184.80	186.00	185.00	184.60
Aug	188.40	189.80	188.20	188.20
Oct	189.40	189.80	189.80	189.80
White	Close	Previous	High/Low	
May	266.0	267.0	266.5	265.5
Aug	266.0	266.0	268.5	267.5
Oct	260.5	261.0	260.8	259.8

Turnover: Raw 57 (221) lots of 50 tonnes. White 584 (745) Paris- White (FFr per tonne): May 1617.83 Aug 1544.58

CRUDE OIL – IPE ($/barrel)	Latest	Previous	High/Low	
Apr	17.87	17.75	17.90	17.63
May	17.92	17.78	17.95	17.68
Jun	17.99	17.80	17.99	17.72
Jul	17.90	17.80	17.92	17.74
Aug	17.89	17.77	17.89	17.85
Sep	17.87	17.80	17.87	17.87
Oct	17.88	17.80	17.88	17.88
IPE Index	17.47	17.47	17.47	17.47

Turnover 21831 (21614)

GAS OIL – IPE ($/tonne)	Close	Previous	High/Low	
Apr	161.50	158.25	162.00	159.25
May	163.00	160.00	163.75	161.25
Jun	164.50	162.00	165.00	163.00
Jul	166.25	163.75	166.25	165.50
Aug	168.25	166.25	168.25	167.50
Sep	170.25	168.50	169.50	169.50
Oct	172.00	171.00	172.00	171.50
Nov	173.00	172.00	173.75	173.00
Dec	175.00		175.25	174.50

Turnover 9577 (14896) lots of 100 tonnes

SPICES

The pepper market has been relatively quiet, both in origin and in consuming markets, and the white pepper price hardly changed, reports Man Producten. Muntok white, faq (fair average quality), is available for spot delivery at US$1,350 a tonne and at $1,275, cif, for shipment from Indonesia during the second quarter. Brazil is more or less sold out. The trend in India is firmer than anticipated, with MG1 at $1,250 a tonne, cif. But crops in countries like Thailand and Vietnam are becoming available now and this has created some selling pressure, with faq grades at $1,050 a tonne, cif

COCOA – London FOX (£/tonne)	Close	Previous	High/Low	
Mar	654	650	655	650
May	678	668	679	670
Jul	705	699	707	700
Sep	729	724	732	725
Dec	765	759	768	761
Mar	798	791	800	793
May	819	809	815	813
Sep	857	850	857	856
Dec	865	860	866	866

Turnover: 3157 (2393) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for Mar.11 819.47 (829.82) 10 day average for Mar.12 835.64 (840.52)

COFFEE – London FOX ($/tonne)	Close	Previous	High/Low	
Mar	829	857	841	828
May	845	871	865	833
Jul	865	891	880	854
Sep	886	908	899	875
Nov	906	928	915	901
Jan	927	955	935	925

Turnover: 4361 (3737) lots of 5 tonnes. ICO indicator prices (US cents per pound) for Mar.11: Comp. daily 57.44 (56.81) 15 day average 55.08 (54.98). Sterling close: March £481

POTATOES – London FOX (£/tonne)	Close	Previous	High/Low	
Apr	113.0	117.0	116.0	112.0
May	132.5	136.4	139.0	132.5
Apr	128.0	129.0	128.0	128.0

Turnover 391 (96) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)	Close	Previous	High/Low	
Jun	125.50	127.00	125.50	125.50
Aug	127.00		127.00	127.00

Turnover 11 (0) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)	Close	Previous	High/Low	
Mar	1232	1253	1250	1227
Apr	1279	1303	1300	1271
May	1245	1279	1265	1245
Jul	1110	1125	1110	1105
Oct	1252	1254	1252	1252
Jan	1295	1313	1295	1295
BFI	1228	1231	1228	1228

Turnover 369 (256)

GRAINS – London FOX (£/tonne)	Close	Previous	High/Low	
Wheat				
Mar	125.00	125.15	124.90	124.90
May	127.15	127.60	127.40	127.10
Jun	128.85	129.35	128.75	128.75
Sep	112.90		112.80	112.70
Nov	116.15	115.85	116.05	115.85
Mar	123.00		123.00	123.00
Barley	Close	Previous	High/Low	
May	117.90	118.35		

Turnover: Wheat 251 (421), Barley 0 (24). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg	Close	Previous	High/Low	
Mar	122.0	121.5	121.0	121.0
Apr	121.0	120.5	120.5	120.5
May	119.8	119.4	120.0	119.6
Jun	116.5	116.5	116.5	116.5
Jul	111.0		110.5	110.5
Aug	108.5		108.5	108.0
Sep	110.0		110.5	110.0
Oct	111.0	110.5	110.5	110.0
Nov	112.0		111.0	110.0

Turnover:139 (58) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 23,947 lots	
Cash	1282-3	1275-6	1287	1287-7.5		
3 months	1306-7	1300-1	1315/1306	1311.5-12	1304-5	188,385 lots
Copper, Grade A (£ per tonne)					Total daily turnover 16,511 lots	
Cash	1300-1	1301.5-2.5	1301/1299	1299-9.5		
3 months	1324-5	1326.5-7	1327/1323	1323-3.5	1323-3.5	114,786 lots
Lead (£ per tonne)					Total daily turnover 2,971 lots	
Cash	297.5-8	303.5-4.5	297/296.5	296-6.5		
3 months	308.5-9	314.5-5	313/307.5	307.75-8	311-3	11,901 lots
Nickel ($ per tonne)					Total daily turnover 2,785 lots	
Cash	7440-50	7480-90	7480/7475	7475-8		
3 months	7525-30	7560-70	7610/7525	7555-60	7760-80	22,816 lots
Tin ($ per tonne)					Total daily turnover 1,416 lots	
Cash	5605-15	5610-20		5617-20		
3 months	5645-55	5650-5	5665/5645	5652-7	5645-50	5,000 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 16,039 lots	
Cash	1230.5-1.5	1175-6	1226/1225	1226-7		
3 months	1237-8	1187-8	1245/1195	1233-4	1238-40	48,747 lots

LME Closing £/$ rate: SPOT: 1.7130 3 months: 1.6965 6 months: 1.6834 9 months: 1.6435

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	346.75-347.25	
Opening	346.50-346.80	
Morning fix	347.25	202.916
Afternoon fix	347.25	203.166
Day's high	347.50-347.80	
Day's low	346.75-347.25	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	3.70	6 months	3.73
2 months	3.70	12 months	3.86
3 months	3.70		

Silver fix	p/fine oz	US cts equiv
Spot	239.85	410.60
3 months	245.10	414.90
6 months	252.55	419.75
12 months	264.80	430.40

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	347.25-348.25	203.25-203.75
Maple leaf	358.00-359.00	209.25-209.75
New Sovereign	85.00-86.00	50.25-50.75

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jun	May	Jun
1200	109	126	6	15
1300	42	63	40	49
1400	11	25	108	110
Copper (Grade A)	**Calls**		**Puts**	
1140	93	102	9	22
2250	30	45	48	64
2350	6	15	120	132
Coffee	**May**	**Jul**	**May**	**Jul**
800	51	81	6	16
850	19	50	24	35
900	9	29	61	64
Cocoa	**May**	**Jul**	**May**	**Jul**
650	35	68	9	11
675	20	49	19	19
700	11	36	356	30
Brent Crude	**May**	**Jun**	**May**	**Jun**
1750		78	25	48
1800	33	58	48	
1850	17	38		

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Mar	346.7	347.4	0	0
Apr	347.3	348.0	348.3	347.2
May	348.4	349.1	0	0
Jun	349.6	350.2	350.8	349.5
Aug	351.9	352.5	352.1	351.8
Oct	354.2	354.8	354.6	354.0
Dec	356.8	357.4	357.5	356.8
Feb	359.5	360.0	359.7	359.7
Apr	362.3	352.7	362.8	362.0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Mar	365.1	365.1	0	0
Apr	361.0	360.1	361.5	359.0
Jul	360.0	359.1	361.0	358.0
Oct	362.0	361.6	362.0	361.0
Jan	362.0	361.6	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Mar	409.9	408.6	411.0	409.0
Apr	411.0	409.7	0	0
May	412.5	411.3	413.5	409.5
Jul	415.8	414.6	416.5	413.0
Sep	419.7	418.4	0	0
Dec	425.6	424.1	425.5	423.0
Jan	427.4	425.8	0	0
Mar	432.0	430.3	433.0	430.5
May	436.8	434.9	0	0
Jul	441.6	439.5	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	101.15	100.95	101.45	101.10
Apr	101.20	100.95	101.50	101.20
May	101.10	100.85	101.40	100.90
Jun	100.90	100.70	101.10	101.10
Jul	100.70	100.50	100.95	100.55
Aug	100.50	100.35	0	0
Sep	100.35	100.10	100.45	100.20
Oct	100.10	100.00	0	0
Nov	100.00	99.90	0	0
Dec	99.85	99.80	99.80	99.80

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
May	54.29	58.50	55.05	54.20
Jul	55.85	59.35	56.50	55.77
Oct	58.57	60.65	58.89	58.45
Dec	59.17	61.30	59.60	59.10
Mar	60.55	61.85	60.80	60.60

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Mar	19.10	18.89	19.10	18.90
May	19.28	19.02	19.30	19.09
Jun	19.38	19.14	19.39	19.19
Jul	19.40	19.21	19.40	19.28
Aug	19.36	19.23	19.36	19.25
Sep	19.32	19.23	19.34	19.25
Oct	19.30	19.23	19.32	19.25
Nov	19.28	19.23	19.30	19.28
Dec	19.27	19.24	19.32	19.24
Jan	19.25	19.20	19.31	19.25

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Apr	5310	5218	5310	5245
May	5275	5201	5280	5230
Jun	5260	5194	5260	5220
Jul	5280	5226	5285	5255
Aug	5350	5300	5360	5325
Sep	5485	5425	5480	5450
Oct	5580	5530	5585	5550
Nov	5680	5630	5690	5670
Dec	5775	5725	5775	5760
Jan	5800	5735	5805	5800

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Mar	1030	1029	1034	1020
May	1057	1063	1063	1050
Jul	1093	1099	1100	1088
Sep	1127	1135	1134	1124
Dec	1173	1180	1172	1165
Mar	1213	1220	1215	1208
May	1241	1248	0	0
Jul	1271	1278	0	0
Sep	1304	1311	1296	1296
Dec	1339	1346	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Mar	73.50	72.60	73.50	70.95
May	73.90	73.00	74.00	71.40
Jul	75.95	75.05	75.95	73.50
Sep	78.50	77.70	78.50	76.15
Dec	81.85	81.00	81.90	79.60
Mar	86.25	84.50	0	0
May	89.00	87.40	0	0
Jul	92.75	89.45	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
May	8.31	8.36	8.39	8.25
Jul	8.38	8.43	8.45	8.35
Oct	8.48	8.50	8.53	8.43
Mar	8.65	8.65	8.68	8.60
May	8.68	8.69	8.69	8.67
Jul	8.75	8.72	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	143.05	143.70	144.20	142.75
May	143.90	142.95	144.70	142.80
Jul	141.20	139.90	142.00	140.60
Sep	133.55	132.65	134.45	133.50
Nov	125.50	126.00	127.25	125.60
Jan	124.50	124.60	125.65	124.50
Mar	124.25	124.35	0	0
May	124.25	124.35	0	0
Jul	124.25	124.35	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Mar.13	Mar. 12	mnth ago	yr ago
1621.8	1616.6	1581.6	1703.8

DOW JONES (Base: Dec. 31 1974 = 100)	Mar.12	Mar.11	mnth ago	yr ago
Spot	118.09	118.25	119.05	126.07
Futures	122.04	122.51	121.84	129.72

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Mar	589/6	585/6	595/0	583/4
May	596/0	593/0	603/0	590/4
Jul	604/6	602/2	612/0	600/0
Aug	608/6	606/0	615/0	604/4
Sep	611/4	611/0	618/0	608/0
Nov	620/0	619/6	627/4	614/0
Jan	626/6	627/4	634/4	623/0
Mar	636/4	636/0	643/0	632/2

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Mar	20.87	20.66	21.05	20.50
May	21.08	20.89	21.38	20.71
Jul	21.37	21.20	21.67	21.01
Aug	21.53	21.37	21.65	21.20
Sep	21.65	21.51	21.75	21.35
Oct	21.78	21.62	22.05	21.60
Dec	22.10	21.93	22.40	21.80
Jan	22.10	22.02	22.10	21.97

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Mar	175.0	174.4	175.8	174.0
May	176.6	176.5	177.3	175.7
Jul	178.3	178.7	180.3	178.3
Aug	180.3	179.5	181.4	179.4
Sep	181.4	180.3	182.7	180.5
Oct	195.6	194.0	196.0	194.5
Dec	197.1	196.2	196.5	195.7
Jan	197.2	197.0	198.5	197.0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Mar	264/2	267/0	267/4	263/2
May	271/4	273/6	275/0	270/2
Jul	276/2	278/0	280/0	275/0
Sep	269/2	272/0	273/0	269/4
Dec	264/6	267/0	268/0	263/0
Mar	271/4	273/6	274/4	270/0
May	275/2	277/4	278/4	274/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Mar	393/0	396/4	397/0	392/0
May	385/0	390/2	391/4	384/0
Jul	369/6	377/4	375/4	369/2
Sep	373/4	382/0	380/0	373/0
Dec	383/0	390/6	388/4	382/4
Mar	385/0	392/0	391/0	385/0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Apr	78.250	78.075	78.375	77.800
Jun	74.075	74.050	74.325	73.700
Aug	70.175	69.900	70.275	69.725
Oct	69.850	69.525	69.925	69.500
Dec	70.175	69.925	70.200	69.700
Feb	69.375	69.250	69.650	69.300
Apr	70.325	70.300	70.500	70.325

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Apr	40.600	40.575	40.800	40.450
Jun	46.175	46.350	46.400	46.025
Jul	45.650	45.800	45.950	45.550
Aug	43.600	44.000	44.125	43.600
Oct	41.200	41.150	41.300	40.950
Dec	44.375	44.400	44.450	44.250
Feb	45.250	45.325	45.250	45.000
Apr	43.000	43.025	43.000	43.000

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Mar	34.850	35.300	35.300	34.800
May	35.775	36.150	36.400	35.600
Jul	36.600	37.075	37.175	36.650
Aug	35.325	35.850	35.900	35.250
Feb	48.000	48.150	48.350	48.000
Mar	47.025	47.150	47.300	47.000
May	50.000	50.000	0	0

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar fails to meet promise

THE DOLLAR had a subdued day to end a week which left dealers puzzled at its failure to take advantage of unexpectedly strong US economic data, *writes Neil Buckley.*

Selling of dollars for yen, rumours about intervention from the Bank of Japan, and calls from Japanese ministers for a stronger yen all affected market sentiment, and the US currency confounded analysts' predictions to end the week with a ¼-pfennig loss. The market paid surprisingly little attention to a sharp increase in the University of Nichigan consumer confidence survey to 74.6 from 68.8.

Dealers said the Japanese were trying to push the value of the yen up towards the end of the financial year at the end of March to increase the value of Japanese companies' overseas assets. Both the finance and industry ministers suggested that the yen's recent fall against the dollar was not in line with economic fundamentals, and that a rate of Y120 was more appropriate.

The dollar closed at DM1.6685/90 after a DM1.6695/6705 start, and a DM1.6717/27 finish in Asia. It ended the previous week at DM1.6730/40.

Against the yen, it stood at Y1233.50/60, from a Y133.35/45 start and a Y133.60/70 Asian close, but was still well above the previous week's London close of Y131.80/90.

Mr David Deakin of Nikko Bank in London said he was surprised. "Maybe everyone is as long as they want to be in the dollar at the moment," he said, adding that dealers were perhaps waiting for more US economic data to prove the recovery was under way.

"In the medium term, the dollar has the mileage to go a lot higher, but in the short term it doesn't seem to have the get-up-and-go."

In Tokyo, the dollar had traded lower against the yen and D-mark after several bouts of selling.

In the EMS, more political jitters after an opinion poll showed the UK Labour party three points ahead of the ruling Conservatives pushed sterling down a third of a pfennig to DM2.8535/55 from DM2.8562/97 on Thursday.

It remained pinned to its effective floor against the peseta, which it has dragged down with it. Sterling dropped to 53 per cent of its permitted divergence below its central Ecu rate, a two-month low, from 50 per cent on Thursday.

Dealers said only sterling's membership of the ERM, with the threat of Bank of England intervention should it fall below its peseta floor, was slowing its fall. They warned it was not inconceivable that further Labour advances in the opinion polls could push it right down to its absolute floor in the ERM at DM2.7780.

Against the dollar, however, sterling recovered to $1.7112, from a previous close of $1.7055.

£ IN NEW YORK

Mar.13	Latest	Previous Close
£ Spot	1.7093-1.7103	1.7125-1.7135
1 month	1.04-1.02pm	0.94-0.92pm
3 months	2.65-2.62pm	2.67-2.64pm
12 months	8.77-8.67pm	8.80-8.70pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Mar 13	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	132.631	129.199	-3.32	6.09	57
Dutch Guilder	2.31643	2.29971	-0.72	[illegible]	31
Belgian Franc	42.4032	42.0530	-0.83	3.43	36
D-Mark	2.05586	2.04374	-0.59	3.18	32
Italian Lira	1538.24	1531.79	-0.42	3.01	16
Irish Punt	0.767417	0.766298	-0.15	2.72	3
French Franc	6.89509	6.93671	0.60	1.96	[illegible]
Danish Krone	7.84195	7.92900	1.06	1.51	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 6⅛-6 per cent; three years 6⅞-6¾ per cent; four years 7¼-7⅛ per cent; five years 7⅝-7½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Mar.13	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.713	2.855	228.8	9.688	2.580	3.213	2141.	2.051	58.60	1.397
$	0.584	1	1.667	133.6	5.656	1.506	1.076	1250	1.197	34.21	0.816
DM	0.350	0.600	1	80.14	3.393	0.904	1.125	749.9	0.718	20.53	0.489
YEN	4.371	7.407	12.48	1000.	42.34	11.28	14.04	9358	8.964	256.1	6.106
F Fr.	1.032	1.768	2.947	236.2	10.	2.663	3.316	2210	2.117	60.49	1.442
S Fr.	0.388	0.664	1.107	88.68	3.755	1	1.245	829.8	0.795	22.71	0.541
N Fl.	0.311	0.533	0.889	71.21	3.015	0.803	1	666.4	0.638	18.24	0.435
Lira	0.467	0.800	1.333	106.9	4.525	1.205	1.501	1000.	0.958	27.37	0.652
C$	0.488	0.835	1.392	111.6	4.724	1.258	1.567	1044	1	28.57	0.681
B Fr.	1.706	2.923	4.872	390.4	16.53	4.403	5.483	3654	3.500	100.	2.384
Ecu	0.716	1.226	2.044	163.8	6.935	1.847	2.300	1533	1.468	41.95	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.7125	1.7023	1.6864	1.6625	1.6258
D-mark	2.8550	2.8528	2.8491	2.8408	2.8241
French Fr.	9.6875	9.6831	9.6786	9.6623	9.6233
Swiss Fr.	2.5800	2.5756	2.5668	2.5488	2.5130
Yen	228.75	227.56	225.56	222.16	216.08

FINANCIAL FUTURES AND OPTIONS

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Mar	91.51	91.53	91.46	91.46
Jun	92.18	92.25	92.16	92.18
Sep	92.60	92.64	92.60	92.59
Dec	92.80	92.86	92.82	92.79

Estimated volume 7719 (15786)
Previous day's open int. 39511 (37814)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Mar	2467.0	2502.0	2460.0	2489.0
Jun	2505.0	2539.0	2498.0	2527.0
Sep	2539.0			2561.0

Estimated volume 15015 (15636)
Previous day's open int. 43120 (43103)

FT-SE EUROTRACK 100 INDEX
DM50 per full index point

	Close	High	Low	Prev.
Mar	1141.0	1141.0	1141.0	1140.0
Jun	1154.0	1154.0	1154.0	1154.0

Estimated volume 16 (0)
Previous day's open int. 137 (137)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7125	1.7025	1.6864	1.6625	1.6258

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls September	Calls December	Puts June	Puts September	Puts December
106	-	-	-	0.12	0.38	-
107	-	-	-	0.30	0.65	-
108	0.89	-	-	0.61	-	-
109	0.43	-	1.31	1.15	-	1.74
110	0.18	0.64	-	-	-	-
111	0.07	0.38	-	-	-	-
112	0.03	-	-	-	-	-
Open Int.	90,739	12,320	650	70,207	6,113	650

Estimated volume 10,421 Total Open Interest 180,679

MONEY MARKETS

Poll fears mount

MOUNTING concern about the Conservative party's electoral prospects and the weakness of sterling pushed rates still higher on the UK money market yesterday.

Dealers said the market was realising that a Labour majority in the general election on April 9 could not now be ruled out, following the first opinion poll since the UK Budget, which showed Labour with a three-point lead.

Another fall in sterling sparked worries that a base rate rise might not be out of the question at some point, and the gloom was increased by a rumour that a Sunday newspaper opinion poll would show Labour with a six-point lead.

Interbank rates jumped up across the board, with the key three-month up ⅛ to 10¾-10⅝. Even the one-week rate stood at 10¾-10½ per cent, while the one-year touched the "big 11", at 11-10⅞ per cent.

The June sterling contract opened 13 basis points down at 89.22, and plummeted to around 89.09 after heavy selling.

After initially forecasting a shortage of £1.5bn, the Bank of England appeared to be trying to calm the market by offering to purchase any bills it was offered, including those in the longer bands 3 and 4 for the first time in more than a month. However, only £17m of band 3 and 4 bank bills were purchased in the early round, due to uncertainty about dealing rates.

By midday, when the shortage was revised down slightly to £1,450m, the rates were established at 10⅝ for band 3 and 10⅝ for band 4. The Bank purchased a further £355m of bank and treasury bills in bands 1, 3 and 4, along with £7m bills for resale on March 30 at 10⅞ per cent.

It purchased a further £871m of bills in all four bands in the afternoon to take the day's operations to £1,243m, leaving the system still around £200m short.

Overnight rates touched 18 per cent in the afternoon, and there was even talk of 20 per cent rates in the late scramble to get square before the weekend.

German call money rates eased to 9.50/60 per cent from the 9.55/65 seen all week, as liquidity improved in the banking system. Dealers said heavy tax payments due this month had not yet begun leaving the system, but would put pressure on reserves early next week.

UK clearing bank base lending rate
10.5 per cent
from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar.13) 3 months US dollars		6 months US Dollars	
bid 4⅛	offer 4¼	bid 4⅜	offer 4½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6½	One month	3.36	Three year	6.29
Broker loan rate	6	Two month	3.96	Five year	7.08
Fed.funds	3⅞	Three month	4.24	Seven year	7.38
Fed.funds at intervention	-	Six month	4.36	10-year	7.65
		One year	4.76	30-year	8.07
		Two year	5.82		

Mar.13	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.50-9.60	9.60-9.70	9.60-9.70	9.60-9.70	9.56-9.68	9.75
Paris	9⅞-10	9⅞-10	9⅞-10	9⅞-10⅛	9⅞-9⅞	9.60
Zurich	7⅞-8⅛	8⅞-9	-	8⅞-8⅝	-	-
Amsterdam	-	-	-	-	-	-
Tokyo	5⅞-5¾	5⅛-5⅛	-	5⅛-5⅛	-	-
Milan	12-12¼	12⅛-12⅛	-	12¼-12⅛	-	-
Brussels	9.50-9.62	9⅞-9⅞	-	9⅞-9⅞	-	-
Dublin	10⅝-10⅜	10⅝-10⅜	10⅝-10⅜	10⅝-10⅜	10½-10⅝	-

LONDON MONEY RATES

Mar 13	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	20	10¾	10⅞	10¾	10⅞	10⅞
Interbank Bid	10	10½	10½	10⅝	10⅝	10¾
Sterling CDs	-	-	10⅝	10⅝	10⅝	10⅝
Local Authority Deps.	10½	10⅝	10⅝	10⅝	10¾	10¾
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10¾	10½	-	-	-	-
Company Deposits	-	-	10¾	10¾	10¾	10⅞
Finance House Deposits	-	-	10⅝	10⅝	10⅞	10¾
Treasury Bills (Buy)	-	-	10⅛	10⅛	9⅞	-
Bank Bills (Buy)	-	-	10⅛	10¼	10⅛	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	4.33	4.33	4.55	5.08
SDR Linked Dep. Offer	-	-	6⅜	6⅜	6⅜	6⅝
SDR Linked Dep. Bid	-	-	6⅛	6⅛	6⅛	6½
ECU Linked Dep. Offer	-	-	10¼	10⅛	10¼	10⅛
ECU Linked Dep. Bid	-	-	10	10⅛	10¼	9⅞

Treasury Bills (sell); one-month 10⅛ per cent, three months 9⅞ per cent; six months 9⅞ per cent. Bank Bills (sell): one-month 10⅛ per cent; three months 10⅛ per cent; Treasury Bills; Average tender rate of discount 10.1247 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day February 28, 1992. Agreed rates for period Mar.25, 1992 to April 25, 1992, Scheme I: 11.67 p.c., Schemes II & III: 11.64 p.c. Reference rate for period Feb 1, 1992 to February 28, 1992, Scheme IV&V: 10.433 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from March 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent.

BANK RETURN

BANKING DEPARTMENT	Wednesday March 11 1992		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	91,023,025	-	5,833,504
Bankers Deposits	1,471,908,307	-	116,636,989
Reserve and other Accounts	3,361,098,764	-	85,413,925
	4,938,583,096	-	207,884,418
ASSETS			
Government Securities	1,298,776,175	-	144,190,000
Advance and other Accounts	2,217,064,246	+	273,250,519
Premises Equipment & other Secs	1,410,308,422	-	338,244,404
Notes	12,222,219	+	1,482,327
Coin	212,034	+	7,140
	4,938,583,096	-	207,884,418
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,507,777,781	-	1,482,327
Notes in Banking Department	12,222,219	+	1,482,327
	15,520,000,000		no change
ASSETS			
Government Debt	11,015,100		
Other Government Securities	9,575,011,006	+	293,540,069
Other Securities	5,933,973,894	-	293,540,069
	15,520,000,000		no change

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Beachmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 2447

Exchequer 10½% Stk 2005 – £108⅝ (10Mr92)

Guaranteed Export Finance Corp PLC 12⅞% Gtd Ln Stk 2002(Reg) – £116⅝ ⅝

Corporation and County Stocks

No. of bargains included nil

Birmingham District Council 11½% Red Stk 2012 – £106⅞ ⅞ (10Mr92)

Glasgow Corp Waterworks Funded Debt

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Thames Water PLC9½% CnvSubordBds 2006(Br£5000&50000) – £105⅞

Thames Water Utilities Finance PLC10½% Gtd Bds 2001 – £99⅝

THORN EMI Capital NV5¾% Gtd Red Cnv Prf 2004 (Br£5000) – £122¼♦

3i Group PLC11¼% Gtd Bds 1998 (Br £1000&10000) – £101⅞ 2

United Kingdom 8¾% Treasury Nts 24/1/95 (Br ECU Var) – EC98.82 (9Mr92)

8% Gtd Exch Prf Shs – £131½ (9Mr92)

Woolwich Building Society11⅞% Subord Nts 2001 – £102⅞ (11Mr92)

Queensland Treasury Corp$A48m 10.5% Nts 15/5/2003 – £98.82 (10Mr92)

Sterling Issues by Overseas Borrowers

Listed Companies(excluding Investment Trusts)

Investment Trusts

Morgan Grenfell Equity Inc Tst PLCOrd 25p – 82½ 7

Murray International Trust PLC4% Deb Stk – £35½ (10Mr92)

New Guernsey Securities Trust LdOrd 25p – 78 (10Mr92)

New Throgmorton Trust(1983) PLC12.5% Deb Stk 2006 – £110 (9Mr92)

Zero Cpn Deb Stk 1998 – £51

Northern Indust Improv Trust PLCOrd £1 – 410 (9Mr92)

Paribas French Investment Trust PLCSers "A" Warrants to sub for Ord – 15♦

Sers "B" Warrants to sub for Ord – 18♦

River & Mercantile Trust PLC5% Cum Prf Stk – £47 (10Mr92)

St. David's Investment Trust PLCZero Div Prf 100p – 113⅝

Scottish National Trust PLC10% Deb Stk 2011 – £98⅞

USM Appendix

Miscellaneous Warrants

Rule 535(2)

Sun Oil Britain LdOil Royalty Stk Units 1p – £0.4 (9Mr92)

Sutton Harbour Hldgs LdOrd 25p – £3.71 (10Mr92)

Vista Entertainments PLCOrd 5p – 0½

Weetabix Ld"A" Non.V Ord 25p – £10.05 10.0525 10.07

Wellington(Salop)Markets Ord £1 – £1 (10Mr92)

Winchmore PLCOrd 25p – £0.4 (11Mr92)

Yorkdale Holdings PLCOrd £1 – £0.09625

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aust. Hydrocarbons 3.5
City Developments S$3.68 (11/3)
Dainippon Screen Manufacturing Y983.06 (9/3)
Futuris Corp A$0.72 (11/3)
Harland (John H) Co $22.5
Keystone International $23.75
Leighton Hldgs A$1.5 (10/3)
Malayan Credit S$1.989 (6/3)
Malaysian Plantations RM0.65 (10/3)
National Electronics (Consolidated) 5.08 (11/3)
Niugini Mining Y909.9 (11/3)
Oil Search A$0.76 (11/3)
Playmates Hldgs HS5.379 (11/3)
Regent Mining 2.5 (10/3)
Robinson & Co S$54.49♦ (6/3)
Singapore Land S$5.173♦ (9/3)
Storer Communications SK279 (6/3)
United Overseas Land S$1.511♦ (9/3)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Opinion poll worries unsettle equities

By Steve Thompson

THE CURTAIN came down on a *tension-filled* week in London's equity market with share prices, not to mention marketmakers, looking completely washed out and hardly looking forward to a weekend which was rumoured to offer nothing more than an increased Labour lead in the latest opinion polls.

A brief rally by share prices at the opening was quickly demolished by a decline in the Footsie future and sentiment thereafter was never better than fragile.

At the close the Footsie was 17.3 off at 2,476.0, *marginally* above the day's low, 2,474.2, or some 19 points off, reached *some twenty minutes* before the market closed. Over the week the index showed a drop *of 57.1*, although this figure distorted the mood of the market; stripping out an aggregate gain of 41.7 points accrued before the chancellor of the exchequer delivered his Budget *proposals* on Tuesday afternoon the equity market has plunged *almost 100 points with* very few signs of any worthwhile support.

There was no relief for equities from the foreign exchange markets where sterling remained under pressure and pre-Budget hopes of a reduction in UK interest had long disappeared. Gilts retreated afresh with the long-dated issues posting losses *of over* a half-point.

The Footsie began the day some five points higher, with marketmakers expecting a technical rally. However, the futures market loomed large and began to retreat, unnerving dealers in equities, before trying to stabilise towards midday. A large sell programme *also helped undermined sentiment.*

The afternoon session saw the future suddenly dip and move to a 17 point discount against fair value, and share prices ran back sharply to reach the day's lowest levels just before the close. A firm opening by Wall Street gave way as London closed, causing more unease.

Dealers attributed the sudden downward lurch to *rumours, thought to* have *originated* in the foreign exchange markets, that the Sunday newspapers will reveal an opinion poll showing Labour ahead of the Tories by between 5 and 9 points.

"If the opinion poll stories are correct then the market is due another sharp fall on Monday, possibly in the region of *30 to 50 points," said a senior* marketmaker at one of the leading UK integrated securities houses.

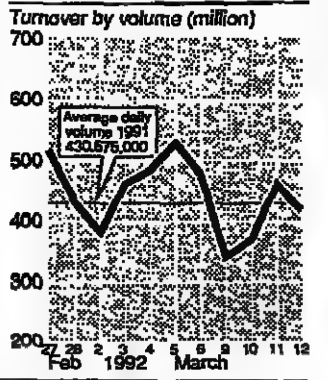
The big overseas earners provided a handful of good performances from the Footsie constituents with RTZ, Hanson and ICI commanding good support and substantially outpacing the market.

●Retail business in the equity market continued to rise this week as institutions began to *alter their portfolios after the* Budget proposals and ahead of the April 9 general election.

Account Dealing Dates		
*First Dealings:		
Feb 24	Mar 9	Mar 23
Option Declarations:		
Mar 5	Mar 19	Apr 2
Last Dealings:		
Mar 6	Mar 20	Apr 3
Account Day:		
Mar 16	Mar 30	Apr 13

*New-time dealings may take place from 8.30 am two business days earlier.

London SE volume



Moody's knock Lonrho

Shares in *Lonrho*, the controversial international conglomerate, plunged below *the 100p mark* for the first time since late 1985, eventually closing a net 19 down at 95p, as the market took fright at the downgrade of its credit rating by Moody's, the US credit rating agency.

The retreat by the share price took place during exceptionally heavy trading in which more than 23m shares changed hands. *Tuesday* sees the electoral reform referendum in South Africa and the market only now seems to have woken up to the fact that Lonrho derives in excess of 30 per cent of its profits from the republic.

The stock was additionally unsettled by what was seen as a slightly lower than expected price Lonrho is expected to receive for Scottish & Universal Holdings which owns a *number of* weekly newspapers in Scotland.

Moody's downgraded its rating for around $360m-worth of Lonrho's Eurobonds to below investment grade.

Lonrho shares attracted heavy activity earlier this year. In January they plummeted from over 170p to 107p after a steep fall in profits and a cut in the *dividend, only to recover to* 130p by the end of last month when US investment funds FMR and Fidelity International revealed they had built a joint holding of 4 per cent in Lonrho. By last week their joint holding had been increased to 6.27 per cent or 41.2m shares.

Lex struggles

Lower profits and the loss of its exclusive importer agreement for Volvo *Cars* knocked 28 off Lex Service shares to 204p. The market was particularly concerned at the ending of the Volvo contract on March 30, despite compensation of around £100m. Volvo was a major source of income for Lex, even though profits last year fell to £500,000 from £9.1m as a result of the slump in UK car sales. *The final dividend* was 6p, compared with 9.4p, making a total of 10p against 15.3p.

Analysts said attempts to diversify into other businesses have had mixed success, but Sir Trevor Chinn, chairman of Lex said the "actions we have taken to reduce costs are already showing through in a significant improvement in profit compared with 1991."

RTZ rises

A rethink by the market about RTZ's preliminary figures, announced on Thursday, and a growing recognition of the group's massive overseas earnings and assets, prompted another flurry of strong buying for the shares.

They closed 16 higher at 571p, having touched 585p earlier in the session with turnover expanding rapidly to 5.5m.

MTM falls further

The gloom surrounding MTM deepened as the shares *took another dive*, although they managed to recover some ground by the close. Stock exchange officials are said to have been interviewing MTM executives, past and present, in recent days, focusing on the collapse in the speciality chemicals group share price, and the seemingly contradictory statements included in the board's two recent profit warnings. An official inquiry is said to be imminent. Turnover was *another busy 1.5m*, the shares, down at around 50p at one stage, rallied to close a net 18 down at 70p.

Specialist engineering concern TI Group bucked the downward trend in the *market*, rising 7 to 621p following Thursday's announcement that *1991 profits fell only* 18 per cent to £105.2m in difficult trading conditions.

With an unsettled domestic outlook, ICI and BOC Group – two companies with strong international bias – attracted investors' attention. ICI gained 7 to 1,255p, while BOC closed ahead 10 at 657p in good volume of 2.4m.

Oil shares put on a relatively sound performance, but slipped away towards the close. There were a number of panicky enquiries to marketmakers in mid-morning when news wires flashed *up the story of a suspension* in Amsterdam – subsequently quickly rescinded by the Dutch authorities – of Royal Dutch shares. Shell Transport settled 4 firmer at 446p on keen turnover of 5m with specialists noting a further flurry of switching out of Royal Dutch and into Shell.

There were also suggestions of sizeable switching by UK institutions out of BP and into British Gas after the latter's *agreement with Ofgas to end* its monopoly of the industrial and commercial gas supply market, and to run its gas pipeline division as a separate entity. Nevertheless, the big US funds continued to support BP shares, which closed a net 2 higher at 263p on heavy turn*over of 13m. British Gas* slipped a penny at 249p with turnover approaching 5m.

Enterprise and *Lasmo lost* further ground, with Lasmo slipping 2¼ to 184p after determined selling from some of the leading UK brokerage houses. Enterprise, where Thursday's preliminary results confounded some of the direst stories about the dividend, fell 5 to 362p.

The profits downgrade carried out in midweek by UBS Phillips & Drew's telecoms analyst, Adam Quinton, continued to depress BT shares; the "old" dropped 9¼ *to* 318p and the partly-paid stock 8 to 105p.

A strong early showing on Wall *Street helped Glaxo Holdings*, although later weakness in New York and London took off the initial shine. Volume was busy at 2.5m, the shares closing 2 up at 786p. Sentiment was also helped by news from Canada that Biochem Pharma, which has development and marketing agreements with Glaxo, had held successful preclinical trials for its 3TC anti-Aids drug on the Hepatitis B virus.

Drinks groups suffered from nervousness about the political situation, while international spirits companies were also hard hit. Guinness lost 8 to 567p, as profit-taking continued to erode recent gains, and **Grand Metropolitan** slipped 12 to 893p.

A publicity stunt was how British Airways described Virgin Atlantic's decision *to institute* formal proceedings in the US aimed at stopping what it *alleges is* a dirty tricks campaign. BA's shares fell 4 to 249p.

UBS Phillips & Drew turned positive on the hotel and catering sector, in particular moving from a hold to a buy on Forte. The hotel group was also basking in the success of its warrants excercise, the shares rising 5 to 239p in good volume of 3.9m. Analyst Mr Paul Heath said: "We think the hotel cycle has hit the bottom and is now due for a bounce. With Forte's figures out next month, we are also expecting a good dividend."

A buy recommendation from Henderson Crosthwaite failed to prevent Kwik Save falling 10 to 553p, while J. Sainsbury gave up 9 to 380p and Tesco 9 to 243p following recent sell notes from brokers.

Kingfisher *lost another* 5 to 484p and W.H. Smith "A" 5 to 456p as fears continued that a price war in the do-it-yourself sector will damage group profits.

Leading property shares held ground against the trend as buyers began to look at the sector after its recent poor run. Sentiment was helped by a buy note from Smith New Court on MEPC, the shares rising 3 to 330p. Great Portland gained from a big line of stock, up 4 at 151p, Land Securities added 4 to 419p.

MARKET REPORTERS:
Colin Milham,
Steve Thompson,
Christopher Price.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 14.

NEW HIGHS AND LOWS FOR 1991/92

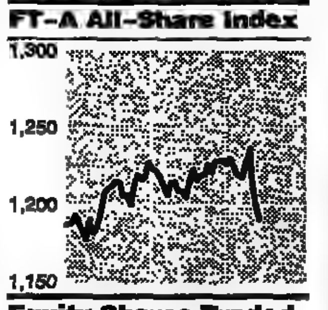
NEW HIGHS (88). AMERICANS (1) Morris (Ph.), BANKS (3) [illegible] Mansfield, Morland, Wolv. & Dudley, BUSINESS SERVICES (1) Wolpac, CONGLOMERATES (1) Jardine Hldgs., CONTRACTING & CONSTRUCTION (1) Bodr (H), ELECTRICALS (1) China Light, ELECTRONICS (4) Druck, Hoskyns, Microvitec, Multitone, ENGINEERING GENERAL (1) Atlas Copco B, FOOD MANUFACTURING (1) Trask, FOOD RETAILING (1) Iceland Frozen, HEALTH & HOUSEHOLD (1) Mayborn, HOTELS & LEISURE (1) City Centre Restrs., INVESTMENT TRUSTS (4) Beta Global Emrg. Mkts., JF Pacific Wrrnt., Murray Split Cap. Zero Prf., Pacific Assets Wrrnts., MEDIA (1) Harrington Kilbride, MOTORS (1) Volvo B, OTHER FINANCIAL (2) Jardine Strategic, Swire Pacific A, TEXTILES (1) Sherwood, TRANSPORT (2) Cathay Pacific, Tibbett & Britten.

NEW LOWS (94). BRITISH FUNDS (8) Ex. 12¼pc 1992, Tr. 13¾pc 1993, Tr. 14½pc 1994, Tr. 9¾pc 2002 C, Tr. 8½pc 2007 A, Tr. 9pc 2012, Tr. 2½pc IL 2020, Tr. 2½pc IL 2024, BREWERS & DISTILLERS (1) Macallan-Glenlivet, BUILDING MATERIALS (2) Cakebread Robey A, Latham (J), BUSINESS SERVICES [illegible] Barclays, [illegible], CHEMICALS (2) MTM, [illegible], CONGLOMERATES (6) Ensor, Slaves, Lonrho, Porter Chadburn, CONTRACTING & CONSTRUCTION (4) AMEC, Dean & Bowes, McLaughlin & Harvey, Wescol, ELECTRONICS (1) Harland Simon, ENGINEERING AEROSPACE (1) Dowty, FOOD MANUFACTURING (1) Assoc. Brit. Foods, HOTELS & LEISURE (1) Wembley, INSURANCE BROKERS (2) Archer (A.J.), Sturge, INSURANCE COMPOSITE (3) Comm. Union, Hafnia, Sun Alliance, INVESTMENT TRUSTS (14) Danae Inc., Derby Cap., Drayton Blue Chip, Drayton Recovery, Electra Inv., Gartmore Scot. Units, JF Pacific Wrrnts., Kleinwort High Inc., M & G Inc. Package Units, Murray Split Cap. Units, River Plate Cap., Scot. Natl. Inc., St. David's Cap., Tor Cap., MEDIA (8) Aveseo, Clarke Hooper, Colorgraphic, MAI, Do., Wrrnts., METAL & METAL FORMING (2) CI, Clayhithe, MISCELLANEOUS (4) Business Tech., Hafle Homes, Porth, WSP, OIL & GAS (16) Aviva Petrlm., Brabant Res., Clyde Petrlm., Europa Energy, Goal Petrlm., Hardy Oil, LASMO, Pict Petrlm., Presidio A, Toredo Petrlm., OTHER INDUSTRIAL MATERIALS (1) Coal Intl., PROPERTY (11) Allied London, Bourne End, Brit. Land (Jersey) 8½pc Cv. 2011, Derwent Valley, Ests. & General, Hammerson A, Land Securities, MEPC, Smith (J), Southend Property, Trencherwood, STORES (2) Bentalls, Clinton Cards, TEXTILES (1) Atkins, MINES (2) Anglo Pacific Res., Gulf Res.

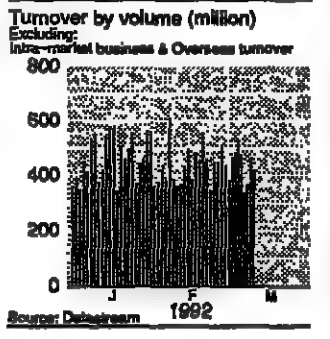
RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	0	78	2	89	267	44
Other Fixed Interest	2	6	9	15	35	35
Commercial, Industrial	165	364	940	1,151	1,692	4,526
Financial & Property	74	198	514	522	860	2,568
Oil & Gas	13	27	47	69	122	252
Plantations	0	0	9	1	0	44
Mines	20	48	80	111	198	471
Others	39	56	42	174	263	236
Totals	313	777	1,643	2,132	3,397	8,176

FT-A All-Share Index



Equity Shares Traded



FINANCIAL TIMES STOCK INDICES

	Mar 13	Mar 12	Mar 11	Mar 10	Mar 9	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	86.36	86.74	86.87	87.42	87.52	84.47	88.55 (27/2/92)	82.17 (2/1/91)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	99.83	99.89	100.19	100.75	100.58	83.29	101.56 (19/2/92)	90.59 (2/1/91)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1935.8	1948.8	1958.6	2006.6	1984.4	1852.1	2108.3 (2/9/91)	1606.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	123.9	127.1	126.9	128.5	126.8	146.1	222.8 (11/7/91)	123.9 (13/3/92)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2476.0	2493.3	2522.4	2574.8	2550.7	2448.2	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1168.58	1169.10	1183.98	1196.06	1187.68	1120.37	1200.08 (4/3/92)	938.62 (16/1/91)	1200.08 (4/3/92)	938.62 (16/1/91)
●Ord. Div. Yield	4.84	4.81	4.56	4.48	4.51	4.98				
●Earning Yld %(full)	6.58	6.54	6.48	6.36	6.41	9.47				
●P/E Ratio(Net)(☆)	19.24	19.36	19.55	19.87	19.73	13.05				
SEAQ Bargns 5.00pm	27,573	28,988	29,538	28,259	34,983	45,724				
Equity Turnover(£m)†	-	1049.8	1085.6	853.9	700.1	1518.45				
Equity Bargains†	-	32,507	33,357	30,842	37,797	49,833				
Shares Traded (ml)†	-	420.9	469.1	375.5	343.5	761.9				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 18.25

Ordinary Share Index, Hourly changes. Day's High 1955.4. Day's Low 1934.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1953.1	1951.2	1948.2	1951.7	1947.1	1950.0	1952.9	1950.2	1938.8

FT-SE 100, Hourly changes. Day's High 2499.0. Day's Low 2474.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2499.0	2495.4	2489.0	2494.1	2488.8	2490.7	2494.3	2492.4	2478.4

FT-SE Eurotrack 200, Hourly changes. Day's High 1173.54. Day's Low 1166.47

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1166.92	1167.00	1169.39	1168.12	1168.96	1170.29	1169.70

GILT EDGED ACTIVITY

Indices*	Mar 12	Mar 11
Gilt Edged Bargains	123.0	118.6
5-Day average	109.6	106.7

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index: *Tel 0891 123001. Calls charged at 36p/* minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	46	476	-16
ASDA Group	11,000	97	-1
Abbey National	2,800	286	-6
Albert Fisher	166	66	
Allied-Lyons	1,300	618	-1
Amstrad	815	35	
Anglian Water	755	345	-2
Argos	614	281	+3
Argyll Group	2,000	325	-2½
Arjo Wiggins	1,300	238	-6
Ass. Brit. Foods	103	420	-9
[illegible]			
Calor Group	122	181	+1
Carlton Comms.	478	588	-2
Coats Viyella	1,400	189	-2
Comm. Union	868	412	-16
Cookson	183	196	+1
Courtaulds	1,700	516	-11
Dalgety	187	366	-6
De La Rue	637	544	-10
Dixons	1,800	194	-1
ECC Group	2,100	494	+10
Eastern Elect.	494	237	-3
[illegible]	134	245	-4
Enterprise Oil	1,800	362	-5
Eurotunnel Units	184	440	-3
[illegible]			
Lucas	996	118	-2
MB Caradon	1,300	260	+2
MEPC	1,200	330	+3
Manweb	37	310	-4
Marks & Spencer	3,700	315	-½
Midland Bank	3,700	252	-7
Midlands Elect.	603	286	-5
NFC	551	244	-2
NatWest Bank	2,700	286	-1
National Power	1,900	204	-4
[illegible]			
Shell Transport	5,000	446	+4
Siebe	552	692	-1
Slough Ests	1,200	176	+3
Smith (W.H.) A	1,200	456	-5
Smith & Nephew	4,100	137	-1
SmKl Beecham	1,800	665	-8
SmKl Beecham Uts	247	3976	-60
Smiths Inds.	82	285	-2
Southern Elect.	2,400	250	-4
South Wales Elect.	371	298	-1
[illegible]			
Utd. Newspapers	106	391	-8
Vodafone	1,000	342	+2½
Warburg (SG)	126	625	-8
Wellcome	245	965	-5
Welsh Water	1,100	387	-4
Wessex Water	185	385	-2
Whitbread 'A'	1,100	432	+7
Williams Hldgs.	2,300	310	-6
Willis Corroon	1,200	349	
Wimpey	1,300	139	+1
Wolseley	673	432	-4
Yorkshire Elect.	1,700	304	-1
Yorkshire Water	820	369	-4

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

UNCERTAINTY about the election, compounded by rumours of a surge in support for the Labour party, sent stock index futures lower, writes Christopher Price.

The March contract opened at 2,489, its high point of the day, and then began drifting down. A small squeeze prompted a minor rally shortly before midday, but was soon replaced by renewed nervous trading and further weakness.

A strong Wall Street opening restored some buoyancy in the afternoon, but news that the weekend press would show Labour with a 6-point lead in *the opinion polls sent values* spiralling down. The market, which had been at a discount to fair value most of the day, closed at 2,467, down 22 on the previous session and at a 12 point discount to its three point fair value premium. Turnover was a healthy 8,776 contracts.

A busy after hours market saw an additional 3,000 traded and the March contract slip further to 2,464.

In the traded options market, there were 25,405 contracts traded, with half of those *in the FT-SE 100* and Euro FT-SE options. Lonrho was the busiest stock option at 3,430 traded, with the March 130 particularly busy.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	99.7630	-0.387	10.04	10.09	10.07
BELGIUM		9.000	05/01	101.6500	-	8.72	8.69	8.66
CANADA *		8.500	04/02	95.7000	-1.550	9.15	8.63	8.34
DENMARK		9.000	11/00	101.8000	-0.100	8.68	8.61	8.53
FRANCE	BTAN	8.500	03/97	99.7633	-0.079	8.81	8.75	8.72
	OAT	8.500	11/02	99.3700	-0.370	8.58	8.52	8.45
GERMANY		8.000	01/02	100.3400	-0.120	7.94	7.91	7.87
ITALY		12.000	02/02	99.1400	-0.080	12.15†	12.15	12.27
JAPAN	No 119	4.800	06/99	95.8800	+0.090	5.60	5.78	5.66
	No 129	6.400	03/00	105.4177	+0.143	5.43	5.41	5.51
NETHERLANDS		8.250	02/02	99.7500	-	8.28	8.26	8.27
SPAIN		11.300	01/02	102.7000	-0.320	10.82	10.67	10.80
UK GILTS		10.000	11/95	100-06	-11/32	9.94	9.85	9.41
		9.750	08/02	99-27	-18/32	9.77	9.55	9.30
		9.000	10/08	95-17	-21/32	9.54	9.35	9.12
US TREASURY *		7.500	11/01	98-27	-11/32	7.67	7.63	7.29
		8.000	11/21	99-06	-14/32	8.07	7.97	7.82

London closing, *denotes New York morning session. Yields: Local market standard
† Gross (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Thursday March 12 1992

Motors	+	10.74	Food Manufacturing	+	2.58
Textiles	+	9.98	Merchant Banks	+	2.42
Media	+	9.31	Contracting, Construction	+	2.35
Engineering-General	+	9.27	Transport	+	1.79
Building Materials	+	8.87	Insurance Brokers	+	1.73
Electricals	+	7.77	500 Share Index	+	1.58
Food Retailing	+	7.70	Banks	+	0.96
Metals & Metal Forming	+	7.51	Other Groups	+	0.96
Electronics	+	7.14	All-Share Index	+	0.94
Stores	+	7.13	Investment Trusts	+	0.19
Capital Goods	+	7.13	Telephone Networks	-	1.06
Hotels & Leisure	+	6.63	Business Services	-	1.32
Packaging, Paper & Printing	+	5.84	Electricity	-	2.72
Other Industrial Materials	+	5.82	Financial Group	-	3.25
Water	+	5.72	Insurance (Life)	-	4.66
Brewers & Distillers	+	5.67	Health & Household	-	4.69
Engineering-Aerospace	+	5.29	Gold Mines Index	-	7.83
Conglomerates	+	4.80	Oil & Gas	-	10.23
Chemicals	+	3.64	Insurance (Composite)	-	11.42
Industrial Group	+	3.16	Property	-	11.66
Consumer Group	+	3.09			

COMMODITIES

WEEK IN THE MARKETS

Brazilians cheer up coffee market

LONDON'S ROBUSTA coffee market got a shot in the arm this week when Brazil's *coffee* exporters announced that they had abandoned their traditional opposition to the International Coffee Organisation's export quota system.

The decision, taken by representatives of 40 leading exporters meeting under the auspices of the Brazilian Coffee Exporters' Federation (Febec), echoed a vote *last week* by Brazilian producers calling for talks on a return to an international coffee agreement.

The principle of export limitation has always, naturally enough, been anathema to the exporters. But their fundamental *opposition* to quotas appears now to have been outweighed by increasing concern at the growing *number of* Brazilian farmers who have been abandoning coffee cultivation after seeing world market prices plunge to 17-year lows *following* the suspension of the quota system in July 1989. "Our absolute priority is an increase in *international* prices and for this Febec has to sacrifice some ideals," commented Mr Oswaldo Aranha Neto, the federation's president.

Febec's change of heart, which one Brazilian trader described as "the demolition of the Berlin Wall of the coffee world", fuelled a rally that had begun in New York on Friday *of last week*. The May contract on the London futures market, which had already risen by $28 *since the beginning* of the week, put on another $40 on Wednesday and Thursday to reach $871 a tonne. *That rise* was trimmed back yesterday after the director of the Mexican Coffee Institute voiced his opposition to export quotas, but the May price still ended $42 up on balance at $845 a tonne.

Cocoa futures dipped to 8½-month lows in mid-week as traders awaited news on the Ivory Coast *mid-crop, which* they thought might be higher than the 100,000 tonnes previously estimated. But the fall, which took the May delivery price to £660 a tonne at one stage, was reversed towards the end of the week and that *position ended* unchanged at £676 a tonne.

At the London Metal Exchange zinc was for the first three days of the week clearly the weakest market and for the last two clearly the strongest. Prices went into retreat on *Monday* in reaction against the gains encouraged last week by news of further supply disruptions. *The fall carried* the three months price through the psychologically-important $1,200-a-tonne level, triggering stop-loss liquidation orders, and by Wednesday's close it had dipped to $1,179 a tonne, the lowest level for three weeks. That technical correction appeared, however, to have cleared the way for a fresh wave *of speculative* and options-based activity, which quickly triggered short-covering and *stop-loss buying. The* latest rise in US retail sales also encouraged the $50 rise that yesterday took three months zinc to $1,237.50 a tonne, up $26 on the week, the highest level since January last year.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+3,350	to 1,136,375
Copper	+825	to 301,875
Lead	-975	to 134,675
Nickel	+846	to 24,276
Zinc	-1,175	to 211,825
Tin	-145	to 12,255

Traders believe zinc prices could rise further. "If it manages *to close above* $1,230 [a tonne], I see it quickly testing resistance above $1,250," one told Reuter yesterday morning.

The only other price movements of any size this week were in the nickel and lead markets, and both were weaker.

A further build-up in London Metal Exchange stocks weighed on the nickel market, which ended $180 down on the week at $7,445 in the cash position. Lead prices had made a modest advance until producer buying dried up yesterday. The cash price ended £6.25 down on the day at £297.75 a tonne, down £4 on the week.

The three months aluminium price breached the $1,300-*a-tonne support level on Monday* as last week's downtrend was continued. But losses were recovered by the end of the week.

At the London bullion market the gold price moved slowly but surely lower throughout the week. Support at the $348-a-troy-ounce level was first tested on Monday and *held until Thursday morning*. But lack of interest from investors, who have seen producer selling emerge repeatedly above $351 an ounce, eventually took its toll and the price closed yesterday at a six-month low of $347 a tonne, down $2.70 *on the* week.

The platinum price was also under pressure, despite fears about unrest in South *Africa*, the main supplying area. Dealers attributed yesterday's $2 fall to $359 an ounce to a perception that demand was slackening in Japan, the main importer of the white metal.

Richard Mooney

APPOINTMENTS

Boyd's new generation

The first new job offer for Alan Boyd, director of broadcasting at TVS, came at 10.01 am on October 16 last year, one minute after the announcement that the ITV company had lost its franchise. The call was from the BBC where Boyd had once produced light entertainment hits such as the Generation Game and initiated Blankety Blank.

The second call, 11 minutes later, came from Grundy, *the* international production company which grew up in Australia and produces popular programmes such as Neighbours.

In May, in the run-down to TVS going off the air at the end of this year, Boyd will join Grundy Worldwide as senior vice president for light entertainment.

Boyd, 50, a former head of entertainment at LWT, who devised or produced a number of shows including Game For A Laugh, Blind Date and You Bet, will be based in London. He will be responsible for Grundy's light entertainment productions in the UK and the rest of Europe.

Grundy is one of the largest independent producers and *makes more than 50 hours of* television a week. "It is a bit like a chameleon," says Boyd. *The company takes* a programme idea or format and makes it in different countries to suit individual cultures.

Boyd decided to accept the job with Grundy because he relished the challenge of learning about international television after the somewhat insular world of Britain's ITV companies; Grundy Worldwide *operates in 15 countries* including the US and Australia.

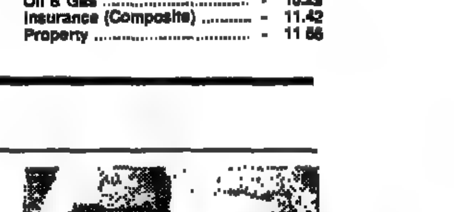
Bodies politic

■ **Nick Winks**, chief executive of Colourgraphic, has been elected vice-president of the BRITISH PRINTING INDUSTRIES FEDERATION.

■ ***Colin Stanley****, director* general of British Printing Industries Federation, has been appointed *chairman of the CBI* industrial relations, wages and conditions committee.

■ **Mary Berg**, head of equity research at Svenska Handelsbanken in London, and **Paul Thornton**, group marketing director of PA Consulting, have been appointed non-executive members of The CENTRAL STATISTICAL OFFICE's management board.

■ **Michael Ellman**, a partner with Vizards, has been appointed vice-president of the INTERNATIONAL *FEDERATION FOR HUMAN* RIGHTS.



■ **Sandy Glennie** (above left), md of Volvo Bus, has been elected chairman of the Public Service Vehicle Section of the SOCIETY OF MOTOR MANUFACTURERS AND TRADERS.

■ **Keith Todd** (above right), director, finance and business strategy of ICL, has been appointed to the honorary position of treasurer-designate of the council of the OPEN UNIVERSITY.

■ **Malcolm Kennedy**, chairman and md of Merz and McLellan Consulting Engineers, has been appointed a member, for three years, of the MONOPOLIES AND MERGERS COMMISSION *when it considers references* to it about the electricity industry.

■ ***Peter Witherington***, Wimpey environmental's business development director and an expert in the field of contaminated land assessment, has been appointed visiting professor at Newcastle University.

■ **Roland Baird** has been appointed chief executive of the INTERNATIONAL AIRLINE PASSENGERS ASSOCIATION.

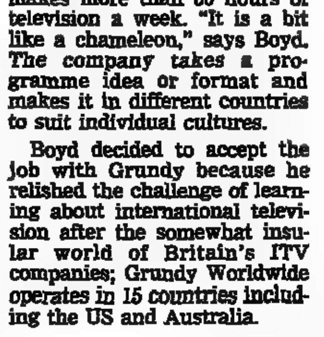
■ **David Faull** and **Maurice Chandler** have been appointed chairman and vice-chairman respectively of CHRISTIAN CHILDREN'S FUND OF GREAT BRITAIN.

■ ***David Verey****, chairman and* chief executive of Lazard Brothers, is appointed a trustee of the TATE GALLERY for a five year term.

■ **Ron Bull**, adviser to Flexible Manufacturing Technology, has been elected president of the MACHINE TOOL TECHNOLOGIES ASSOCIATION.

Scottish Film Council's local hero

Allan Shiach, executive chairman of Macallan Distillers who doubles as Allan Scott, the Hollywood screenwriter, becomes chairman of the 11-man board of the Scottish Film Council on April 1. He replaces John Donarchy, who has been in the chair since *1984* and negotiated the Council's independence from the Scottish Council for Education Technology two years ago.



Shiach's pseudonym, developed at university "because extra-curricular activities such *as television were banned*", was also chosen "as the most patriotic he could think of". Now, the scriptwriter of many films – Don't Look Now is one of the best remembered – spoke this week from Los Angeles in temperatures of 78 degrees F of his keenness to lend a helping hand to his native film industry in less clement parts.

Unsurprisingly, one of his *primary* tasks will be to improve the funding of the Council, looking further afield than the current Scottish Office grant. As the only council board member who is also a member of the Scottish Film Production Fund, which promotes young film-makers, he is keen to secure a merger with that and possibly other Scottish film industry industry bodies to strengthen his fund-raising hand.

Since the role of the council is primarily that of "preserving a Scottish film culture", the archive turns out to be a big concern. It irks him considerably, *for instance, that another* Scottish whisky company recently donated its film archive south of the border to the British Film Institute. "I would hope to be able to intervene on that sort of thing during my incumbency."

Other patriotic activities this year for Shiach, 50, who owns homes in London and Moray, include writing the screen play for a "strictly low-budget film" based on Pat Barker's novel Regeneration, centreing on the 1917 meeting, in the Scottish asylum of Craiglockhart, between Wilfred Owen and Siegfried Sassoon.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate, and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

SCHEME PARTICULARS AND REPORTS: [illegible]

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INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
Norwich Union Life Insurance Soc.—Contd.				
Pensionvestor* & Unit-Linked Plus*				
Mixed Fund	445.6	469.1	-2.0	-
Ordinary Share Fund	670.4	705.7	-1.4	-
International Fund	174.3	183.5	-1.9	-
Property Fund	258.9	272.5	+0.3	-
Fixed Interest Fund	392.6	413.3	-4.6	-
Index-Linked Sec Fund	191.2	201.3	-2.5	-
Deposit Fund	277.4	292.0	+0.5	-
Norwich Units Feb 14	1053.70			-
*Prices as at March 10				
Jersey Investment Plan				
With Profits Fund	122.51	128.96	+0.04	-
Intl Equity Fund	94.19	99.15	+0.02	-
Intl Bond Fund	121.39	127.78	-0.31	-
Norwich Union Pensions Management Ltd				
Surrey Street Norwich NR1 3NG 0603 683335				
Group Pooled Pensions				
Balanced Managed Fd	313.96	319.25	-2.48	-
Growth Managed Fd	104.21	106.07	-0.96	-
Sentinel Managed Fd	103.50	104.93	-0.67	-
Prices as at March 12				
Pearl Assurance (Unit Funds) Ltd				
Thorpe Wood Peterborough PE3 6SA 0733 63212				
Prop Dist. (Gross)	133.8	140.9		-
Prop Acc. (Gross)	255.1	268.5		-
Equity (Gross)	851.6	896.4	-0.8	-
Managed (Gross)	596.2	627.6	-0.6	-
Prop Acc. (Net)	121.7	128.1		-
Equity (Net)	197.7	208.1	-0.2	-
Managed (Net)	183.9	193.6	-0.2	-
International (Net)	168.4	177.2	+0.3	-
Gilt & Fxd Interest	132.1	139.1	-0.3	-
Money Fund	137.1	144.3		-
Mixed Fund (Cap)	116.8	123.0		-
Mixed Fund (Acc)	120.1	126.5		-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	648.1	682.3	-0.9	-

Sun Alliance Group

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

Providence Capital International Ltd — Contd.

Royal Life Intl. Ltd

J. D. Ward Financial Services Ltd

Rothschild Asset Management—Contd.

Royal Bank of Canada Funds

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

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FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

		Bid Price	Offer Price	+ or –	Yield Gross
CMI Fund Managers (IoM)					
Clerical Medical Hse, Douglas, IoM 0624 625999					
High Income	5	0.4884	0.5142	[illegible]	10.29
CMI Core Portfolio Fund					
UK	5	£-0.9994	1.0712	[illegible]	–
USA	5	£-1.0850	1.1511	[illegible]	–
Japan	5	£-0.5491	0.5796	[illegible]	–
Equity & Law Intl Fund Mngrs Ltd					
Victory Hse, Prospect Hill, Douglas IoM 0624 677877					
Total Income Fd	5	94.98	99.97	+0.04	10.2
Gartmore Fund Managers (IoM)					
PO Box 32, Douglas, IoM 0624 627610					
Intl Grth	5¼	494.6	528.5	+0.3	0.9
Leopold Joseph Fund Mngrs (IoM) Ltd					
PO Box 52 Athol St Douglas IoM 0624 661020					
LJ International	5¼	93.68	100.91	-0.32	–
Mercury Fund Managers IoM Ltd					
12 Hill Street, Douglas IoM 0624 662255					
Merc IoM Fund	5	104.1	111.1	....	7.5
Merc Intl Bond	5	54.11	56.87	-0.06	8.7
Sun Life Management (IoM) Ltd					
PO Box 178, Douglas, IoM 0624 622444					
Secure High Income	6	1.0204	1.0957	[illegible]	6.21
Unibank Scandinavian Fund Ltd					
23 Bucks Road, Douglas, IoM 06246 26484					
Scandinavia Fd	5	141.17	150.52	....	1.0

ISLE OF MAN (REGULATED)(**)

	Bid Price	Offer Price	+ or –	Yield Gross
CMI Fund Mngrs (IOM)				
Traders Fund Ltd #	$17.57	18.78	....	–
*Dealings Wednesday				

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

March 13	US$	+ or −
AAR Corp	14⅞	....
AMP Inc	60	−⅛
AMR Corp	77⅞	+⅜
ASA	45¼	+¼
Abbott Labs	59⅝	....
Acme Cleveland	9⅛	−⅛
Adobe Res	4.87	−0.13
Advanced Micro	17⅞	+⅛
Aetna Life	44⅝	+½
Affiliated Publ	10⅝	−¼
Aflac	28⅞	−¼
Ahmanson (HF)	17	....
Air Prod & Chemical	42⅝	+¼
Alberto-Culver B	25	+⅛
Albertson's	43	+¼
Alcan Aluminium	19⅞	....
Alco Standard	38	+½
Alexander & Alex	21	+⅛
Alex & Baldwin	28¼	+½
Allegheny Power	41⅞xd	−¼
Allied Signal	48⅛	+⅜
Aluminium Co of Am	68¼	+2⅛
Amax	19⅝	−⅛
Amdahl Corp	18⅛	−⅛
Amerada Hess	39⅛xd	+¼
Amer Brands	44	+½
Amer Cyanamid	61⅛	+⅛
Amer El Power	31⅛	....
Amer Express	21¼	+¼
Amer Genl Corp	42¼	−⅛
Amer Greetings Cl A	42½	−¼
Amer Home Pr	76	−½
Amer International	86xd	....
Amer Natl Ins	37	....
Amer Stores	33⅛	+⅞
Amer T & T	38⅛	+¼
Ameritech	59	−⅞
Ames Dept Stores	0.56	+0.06
Ametek Inc	16⅝xd	+⅛
Amoco	44⅞	+⅜
Analog Devices	9	+⅛
Anheuser-Busch	56⅜	+1⅛

March 13	US$	+ or −
Control Data	12¼	−⅛
Cooper Inds	56⅛	+⅜
Coors (Adolph)	18⅝	+⅛
Corestates Finl	44¼	....
Corning Inc	33⅝	+⅛
Crane	26⅝xd	+⅛
Cray Research	43¼	+1⅛
Crown Cork & Seal	87⅞	+⅞
Cummins Engine	60	+⅛
Curtiss-Wright	33⅜	−⅛
Cypress Semicond	16½	+¼
Cyprus Minerals	21⅝	+⅜
DSC Commun	5⅛	....
DQE	28⅛xd	....
Dana Corp	35⅛	+⅛
Data General	10⅝	+½
Dayton Hudson	63⅛	+2
Deere	51⅞	+⅜
Delmarva Pow & L	20⅝	+⅛
Delta Air Lines	66⅛	....
Deluxe Corp	39⅝	+⅜
Detroit Edison	30⅛xd	−⅛
Dial Corp.Ariz	49⅛	....
Diebold Inc	58⅝	−⅛
Digital Comms	21¼	+¼
Digital Equipment	59¼	+⅛
Dillard Dept St	123⅛	+1⅛
Disney (Walt)	148½	+1⅛
Dole Food Inc	35¼xd	+½
Dominion Res	34⅜	+¼
Donelley (RR)&Sons	48⅝	+¼
Dover Corp	40½	+½
Dow Chemicals	57½	+⅛
Dow Jones	32⅝	+1⅛
Dravo Corp	10	+⅛
Dresser	19⅞	−⅛
Dreyfus Corp	39⅞	−⅛
Duke Power	31⅞	+⅛
Dun&Bradstreet	55⅝	....
Du Pont	44⅛	+⅛
E G & G Corp	51	−⅛
E-Systems	33⅛xd	−⅛
Eastern Enterprises	24⅝	+½
Eastman Kodak	42½	+⅜

March 13	US$	+ or −
Cons Nat Gas	34⅜	−⅛
Cons Paper	40½	+⅛
Cons Rail	80⅛	+⅛
Continental Air	1.50	+0.25
Conti Bank Corp	15⅛xd	+⅛
Conti Corp	27⅛	+⅛
Jefferson Pilot	53⅞	+⅛
Johnson Controls	38⅞xd	....
Johnson & Johnson	95⅞	−⅜
K Mart	53	+2
Kellogg	56⅜	−½
Pioneer Hi Bred	67⅞	
Pitney Bowes	65⅛	+⅛
Pittston	15⅛	−⅛
Polaroid	27⅛	+⅛
Policy Mgt Sys	68⅝	+1½
Potlatch Corp	45⅛	+⅛

INDICES

NEW YORK

DOW JONES	Mar 12	Mar 11	Mar 10	Mar 9	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
‡Industrials	3208.63	3208.63	3230.99	3215.12	3290.25 (3/3)	3172.41 (2/1)	3290.25 (3/3/92)	41.22 (2/7/32)
Home Bonds	98.67	98.98	99.06	99.02	99.81 (6/2)	98.56 (24/2)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1393.12	1399.95	1408.07	1404.99	1467.68 (20/2)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	204.43	204.56	205.12	204.43	225.59 (3/1)	202.55 (6/3)	236.23 (2/1/90)	10.50 (8/4/32)

‡Day's High 3232.33 (3242.17) Low 3176.21 (3189.85)

STANDARD AND POOR'S

	Mar 12	Mar 11	Mar 10	Mar 9	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	403.90	404.03	406.89	405.21	420.77 (15/1)	403.90 (12/3)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	480.59	480.63	483.94	481.82	499.27 (15/1)	480.59 (12/3)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	33.76	33.84	34.23	33.98	35.14 (15/1)	33.53 (31/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	223.30	223.56	225.02	224.15	231.85 (15/1)	223.30 (12/3)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	403.59	405.85	408.54	407.21	418.99 (12/2)	395.51 (2/1)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	615.92	617.14	623.46	615.82	644.92 (12/2)	586.45 (2/1)	644.92 (12/2/92)	54.87 (31/10/72)

	Mar 6	Feb 28	Feb 21	year ago (approx.)
Dow Industrial Div. Yield	2.84	2.79	2.78	3.40

	Mar 11	Mar 4	Feb 26	year ago (approx.)
S & P Industrial div. yield	2.64	2.61	2.57	2.83
S & P Indl. P/E ratio	28.51	28.61	29.03	17.53

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Silicon Ind	3,696,600	21⅞	− 4⅛
Telefonos	2,902,000	53⅛	− 1
Gap	2,200,100	44⅝	+ 1⅞
Saatchi	1,790,500	⅞	—
Glaxo	1,685,900	27½	+ ⅛
RJR Nabisco	1,633,100	9⅝	− ⅛
Philip Morris	1,562,000	77⅛	+ ⅛
Am Express	1,554,600	21	− ½
Am T & T	1,547,800	37⅞	− ⅛
Gen Motors	1,466,500	37⅛	+ ⅛

TRADING ACTIVITY

† Volume Millions	Mar 12	Mar 11	Mar 10
New York SE	180.240	185.320	194.530
Amex	12.514	13.278	15.674
NASDAQ	189.534	192.151	200.588
NYSE			
Issues Traded	2,198	2,203	2,222
Rises	612	516	1,069
Falls	1,016	1,155	625
Unchanged	570	532	528
New Highs	23	23	45
New Lows	36	25	17

CANADA

TORONTO	Mar 12	Mar 11	Mar 10	Mar 9	1992 HIGH	1992 LOW
Metals & Minerals	3002.51	3030.39	3079.29	3064.28	3238.87 (16/1)	2935.22 (2/1)
Composite	3479.84	3503.57	3529.93	3518.57	3666.00 (16/1)	3479.84 (12/3)
MONTREAL Portfolio	1830.96	1836.39	1851.51	1842.59	1937.59 (16/1)	1830.96 (12/3)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Mar 13	Mar 12	Mar 11	Mar 10	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1593.4	1591.4	1609.1	1605.4	1675.60 (15/1)	1590.40 (13/3)
All Mining (1/1/80)	697.5	697.1	705.3	705.8	717.20 (25/2)	640.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	430.56	427.38	430.72	435.79	458.57 (24/2)	372.24 (2/1)
Traded Index (2/1/91)	1024.91	1013.03	1022.10	1030.49	1099.43 (24/2)	981.84 (2/1)
BELGIUM						
BEL20 (1/1/91)	1212.4	1204.85	1207.06	1209.34	1234.72 (3/3)	1097.23 (6/1)
DENMARK						
Copenhagen SE (3/1/83)	343.02	344.59	344.76	345.32	365.29 (25/1)	343.02 (13/3)
FINLAND						
HEX General (28/12/90)	862.8	874.6	878.3	864.9	935.90 (24/2)	779.80 (2/1)
FRANCE						
CAC General (31/12/82)	523.75	528.08	534.80	531.23	534.80 (11/3)	475.53 (2/1)
CAC 40 (31/12/87)	1947.05	1941.75	1968.02	1993.08	1993.08 (10/3)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	709.82	703.83	709.23	711.52	715.44 (3/3)	643.26 (6/1)
Commerzbank (1/12/53)	1992.7	1992.3	2005.8	2015.7	2026.70 (3/3)	1813.80 (6/1)
DAX (30/12/87)	1730.47	1727.50	1743.42	1750.54	1764.80 (5/3)	1578.73 (6/1)
HONG KONG						
Hang Seng Bank (31/7/64)	5071.19	5042.82	5005.96	4918.95	5071.19 (13/3)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1407.25	1403.96	1406.08	1407.46	1469.57 (17/1)	1391.49 (6/1)
ITALY						
Banca Com. Ital. (1972)	510.71	511.35	514.70	512.73	551.59 (6/2)	507.43 (2/1)
MIB General (2/1/87)	1006.0	1008.0	1013.0	1013.0	1086.00 (5/2)	981.00 (2/1)
JAPAN						
Nikkei (16/5/49)	20456.06	20561.80	20892.14	20654.59	23801.18 (6/1)	20456.06 (13/3)
Tokyo SE (Topix) (4/1/68)	1464.00	1472.21	1478.48	1494.79	1763.43 (6/1)	1464.00 (13/3)
2nd Section (4/1/68)	2208.62	2220.11	2227.93	2248.18	2959.85 (6/1)	2208.62 (13/3)
MALAYSIA						
KLSE Composite (4/4/86)	595.22	592.42	588.36	586.95	629.06 (28/2)	546.63 (14/1)
NETHERLANDS						
CBS Tt.Rtn Gen (End 1983)	290.1	291.0	293.5	294.3	298.10 (4/3)	274.00 (8/1)
CBS All Shr (End 1983)	204.4	204.3	206.1	206.6	207.20 (4/3)	192.90 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	693.19	691.94	685.05	691.81	748.03 (17/1)	667.88 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	1122.63	1130.21	1128.03	1136.71	1303.38 (17/1)	1106.38 (9/3)
SINGAPORE						
SES All-Singapore (2/4/75)	391.59	392.97	389.60	386.88	416.99 (20/1)	384.78 (9/3)
SOUTH AFRICA						
JSE Gold (28/9/78)	1193.0	1200.0	1209.0	1169.0	1327.00 (21/1)	1119.00 (2/1)
JSE Industrial (28/9/78)	4357.0	4392.0	4407.0	4399.0	4535.00 (15/1)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	634.58	629.12	629.05	(c)	691.48 (6/2)	604.63 (13/1)
SPAIN						
Madrid SE (30/12/85)	260.18	259.76	263.23	263.55	266.51 (28/2)	238.93 (2/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	986.5	977.5	986.0	991.5	991.50 (10/3)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	798.9	794.4	800.7	805.2	807.50 (4/3)	748.50 (6/1)
SBC General (1/4/87)	636.7	632.4	637.5	642.1	650.10 (3/3)	601.10 (6/1)
TAIWAN**						
Weighted Price (30/6/66)	5030.63	4984.86	4965.48	4926.20	5391.63 (30/1)	4092.17 (6/1)
THAILAND						
Bangkok SET (30/4/75)	805.59	808.49	803.94	797.90	816.90 (17/2)	711.81 (3/1)
WORLD						
M.S. Capital Int. (1/1/70) (*)	492.8	498.9	494.8	500.4	512.10 (7/1)	491.90 (12/3)
Euro Top-100 (26/6/90)	921.99	920.23	930.95	940.36	943.20 (3/3)	870.31 (2/1)

**Saturday March 7: Taiwan Weighted Price 4986.53, Korea Comp Ex. 624.49.
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow's rise devalued by low volume

Wall Street

SHARE prices firmed yesterday morning, but the strength of the gains was somewhat offset by the lack of volume in one of the lightest weeks of trading of the year, *writes Karen Zagor in New York.*

At 1.30 pm, the Dow Jones Industrial Average was 17.44 higher at 3,226.07. Big board volume was meagre, 103m shares changing hands by 1 pm as advances led declines by a ratio of four to three. The Standard & Poor's 500 was 0.94 higher at 404.83 at 12:30pm while the Nasdaq composite was up 1.84 at 617.76. On Thursday, the Dow was unchanged at 3,208.63.

Equities received some support from yesterday's release of the February producer price index, which rose 0.2 per cent, or 0.1 per cent excluding the volatile food and energy components, adding to the picture of a recovering economy. Bonds also initially posted gains on the PPI release, but technical selling pushed yields higher.

Pfizer was the most active NYSE issue of the morning, tumbling $1⅞ to $70⅜ as the market registered concern that risks related to the company's Shiley heart valve were higher than previously estimated. Late on Thursday, the Food & Drug Administration asked Pfizer to warn patients that the rate of fracture for some of the valves was as much as five times higher than previously thought. The FDA said that some patients should consider having their implanted valves replaced.

Among other heavily-traded big board shares, Dayton Hudson regained some of its Thursday losses by climbing $2⅛ to $63¼. The stock fell $5¼ after the retailer turned in its 1991 results, which included lower operating profits in all three of its divisions.

A number of blue chip issues ranked as the most active on the NYSE. These included IBM, $⅜ higher at $89⅛, American Telephone & Telegraph, unchanged at $37⅞, and Ford Motor, up $⅜ at $37⅞.

General Motors slipped $¼ to $37½ after credit-rating agency Standard & Poor's downgraded the car maker's long-term debt.

Chrysler firmed $¼ to $16⅜ as company directors prepared for a special weekend meeting to find a successor to Mr Lee Iacocca as chairman. Mr Iacocca is due to step down at the end of the year.

In the secondary market, high tech and biotech stocks dominated trading yesterday morning. Lotus Development added $1¼ to $38 after an analyst at Morgan Stanley upgraded the stock's rating to "buy" from "hold".

DDI Pharmaceuticals plunged $4½ to $3 after the company said that a phase III study of its bovine superoxide dismutase, to treat osteoarthritis, had showed negligible effectiveness.

Canada

TORONTO retreated from opening gains to marginally lower levels at midday. Traders were nervous over the fall in Canadian bond prices, and weakness in the Canadian dollar despite efforts by the Bank of Canada to support the currency.

The TSE 300 composite index fell 6.6 to 3,473.2. Declines led advances by 228 to 183 in volume of 20.1m shares valued at C$200.8m.

International Corona Corp topped the most active list, rising 85 cents to C$5 in volume of 3.77m shares. Homestake Mining said that it had agreed to buy Corona in an exchange of 0.35 Homestake shares for each Corona share.

SOUTH AFRICA

JOHANNESBURG fell on nervous profit-taking ahead of Tuesday's reform referendum. The all-gold index fell 15 to 1,193, and industrials slid 35 to 4,357. The all-share index fell 38 to 3,583. Vaal Reefs lost R1.50 to R206.

Perrier and earnings recovery hopes boost Paris

France has outperformed Europe, and the UK in particular, so far this year, writes **William Dawkins**

If the French are said by their leaders to be depressed and moody these days, you would hardly believe it to look at the recent progress of the stock market.

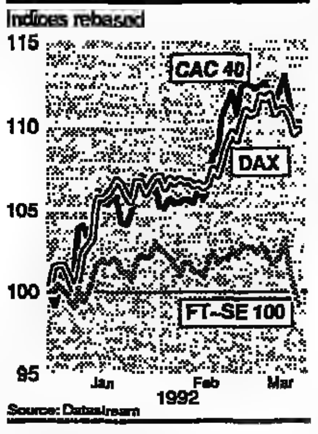
The Paris bourse has given investors one of the best rides of any major European market since the turn of the year, spurred on by a mixture of takeover fever and anticipation of earnings recovery. Its rise has tailed off in recent days, but most analysts think that this is only a pause for breath.

By Friday, the CAC-40 index stood at 1,947.05, some 10.3 per cent ahead of its level at the start of the year, well outperforming London, and European averages. Several analysts believe that another 10 per cent rise is possible by the end of the year, bringing the index through the 2,000 barrier and just above the record high of 2,129.3 reached in April 1990.

The big event on the takeover scene, of course, has been the protracted struggle between Nestlé, the Swiss food multinational, and Italy's Agnelli family for control of Source Perrier, the mineral water group. By the end of the week, Source Perrier's shares stood at FFr1,636, a cool 34 per cent per cent ahead of their level at the start of the year and well above the Nestlé bid price of FFr1,475, which is thought likely to be increased.

The Perrier battle could help to sharpen foreign investors' interest in French equities. It has underlined the market's increasing openness to foreign bidders, and shown that takeovers are now being fought in the field, rather than through secret negotiations between the finance ministry and the country's leading banks.

The government has not lifted a finger to stop this symbol of corporate France passing into foreign hands. So, the argument goes, it might take an equally liberal stance if any other blue chip comes under attack. The reforms to takeover rules being considered by the finance ministry would further liberalise the market; for example, abolishing the rule which allows a predator to make a bid for only two-thirds rather than all of its takeover victim, and rationalising the conflicting bourse authorities. Market professionals expect the two-thirds rule to be changed within a month or so.



Source: Datastream

Beyond this, analysts expect the main bull point in the coming months to be a pick-up in profits, especially among companies in cyclical industries which respond first to an economic recovery. Earnings growth for the top 40 companies in 1992 is variously estimated at between 14 per cent and 15 per cent after a year of stagnant or falling earnings.

However, these forecasts could be downgraded, since the long-expected recovery has yet to show. "We won't really know where we are on the recovery until the second or third quarter," warns Mr Stephen Moir, head of international sales at BZW Puget Mahé.

The earnings upturn should be export-led, believes Mr Bruno Le Chevallier, strategist at James Capel in Paris. Certainly, the fact that French inflation remains under control and that the budget deficit is overshooting less than in Germany or Britain, are good signs for the country's economic health.

Yet domestic demand is still slack, and Insee, the state statistics institute, stresses that its latest forecast for a 2 per cent growth in French gross domestic product this year, is linked to a "possible" world economic recovery.

French businesses are today better equipped than in the past to take advantage of a foreign recovery, on the grounds that their heavy restructuring of recent years has made them more price competitive abroad, says Mr Chevallier. This new competitiveness is, incidentally, an important factor in the recent decline of the trade deficit, which Insee expects to narrow to FFr10bn ($1.75bn) this year, after widening to just over FFr30bn in 1991.

The big uncertainty remains the extent of any recovery in the US economy, to which France's top companies are more sensitive than ever before. "After their big takeovers of recent years, the CAC-40 companies have something like 25 per cent of their sales in the dollar zone. So if the US recovers, they will too," says Mr Le Chevallier.

In the months ahead, the market will be awaiting further news of the efforts by Mr Pierre Bérégovoy, the finance minister, to relaunch long-delayed reforms of the savings system. This could encourage the growth in France of powerful UK-style institutional investors and so increase the demand for equities.

Mr Bérégovoy has been consulting unions on the introduction of private pension schemes in order to supplement the state pension scheme, which faces a large and growing deficit. Also under consideration are tax incentives for employee share ownership and for individual equity investment plans, similar to personal equity plans in the UK.

The unions pose a problem, through their resistance to any change in their traditional state pension rights. So it is uncertain how far the government will dare to push these reforms. All should be revealed in the next few months: the government hopes to push through the legislation in the spring, so that the reforms could take effect from July.

One possible drag on the market could come from further partial privatisations, following the FFr3.4bn raised by the government from the sales of stakes in the oil group, Elf Aquitaine, and Crédit Local de France, a local authority bank. Mr Bérégovoy has warned that more sales are on the way.

However, the sales of equity in state-owned companies should not be a serious burden for the market. The 1992 budget estimates that FFr5.6bn will come from partial privatisations this year, a small bite compared with the FFr40bn of new paper the French stock market digested last year.

EUROPE

Limited inspiration for bourses in early US gains

LATE-CLOSING bourses appreciated the early burst of enthusiasm on Wall Street, although not all of them rose on it, *writes Our Markets Staff.*

ZURICH was lifted by a fall in domestic interest rates, and by the rise in US equities. The SPI index rose 6.3 to 1,124.9, but was still 1 per cent lower on the week.

Among industrials, Alusuisse bearers were active, rising SFr18 to SFr901, and Brown Boveri bearers added SFr50 to SFr3,550. In chemicals, Ciba-Geigy bearers ended SFr50 higher at SFr3,330.

However, Surveillance, the world leader in trade inspection, continued to fall. Its bearers topped the active list, as they lost SFr190 to SFr7,590, SFr510 lower on the week, on selling pressure from London.

AMSTERDAM saw a sharp fall in Hunter Douglas after a bigger-than-expected fall in 1991 profits prompted some brokers to issue sell notes. The CBS Tendency index eased 0.3 to 125.2, down 2.2 per cent on the week.

Hunter Douglas, which makes window coverings and architectural products, lost Fl 8.20 or 11.5 per cent to Fl 63.20. Kleinwort Benson recommended its clients to take their profits in the stock, in view of its 15 per cent outperformance since the start of the year and its demanding prospective multiple of 13.1.

The retailer Ahold added Fl 1.50 to Fl 87.00 after reporting 1991 net profits just above expectations.

FRANKFURT reported quiet trade before a breakdown in the bourse's price information system blocked transmission of real-time, screen-based price quotes, and limited trading to open outcry.

After some delay, the closing DAX index was calculated at 1,732.64, up 5.14 after a decline of just 0.01 to 703.82 in the FAZ at midsession. Falls on the week were 0.8, and 1.1 per cent respectively. Volume fell from DM5.3bn to DM4.7bn.

Shares moved on results, Bayer up another DM2.20 to DM294.90 after its maintained dividend this week and Henkel, at the speciality end of the chemicals industry, DM9 higher at DM621 on a mere 3.3 per cent rise in net profits.

Henkel's results, and the 1991 rise of 18 per cent in sales at the construction group, Philipp Holzmann, were in line with some brokers' expectations. But Holzmann fell DM20 to DM1,170, in spite of its rise in sales, indicating that it takes more to please the construction sector.

Carmakers mostly rebounded on technical factors, BMW and Volkswagen leading with gains of DM6 and DM4 to DM550 and DM371. But Porsche, which reported a 97 per cent drop in first half pre-tax profits for the current year, fell DM10 to DM585.

MILAN gave up early gains in thin, technical trading before Monday's close of the March trading account. The Comit index fell 0.64 to 510.71, down 0.8 per cent on the week, in turnover estimated at L90bn after Thursday's L93bn.

Pirelli gained L45 or 3.9 per cent to L1,180 on short-covering ahead of the close of the account. Fiat rose L35 to L4,885.

Among insurers, Alleanza fell L190 to L7,710 and Toro was down L310 at L20,500. But Generali added L100 to L30,000. The cement sector was weak on fears that Calcestruzzi's purchase of a controlling stake in the Greek cement group, Heracles, would lead to a price war in Italy. Calcestruzzi fell L500 to L15,900 and Italcementi lost L310 to L17,700.

Standa, the department store chain owned by Mr Silvio Berlusconi, fell L100 to L29,200 on news that Mr Berlusconi was selling a minority stake.

STOCKHOLM returned to the uptrend with new orders for Ericsson helping to generate momentum, the Affärsvärlden General index closing 9.0 higher at 986.5, 0.3 per cent higher on the week.

Ericsson B rose SKr3 to SKr126 on news of a Malaysian digital telephone exchange order, and an order for microwave radio links from Mannesmann. Astra, which said that it would not be as hard hit as its competitors by the Japanese government's reductions in domestic medicine prices, saw its A shares rebound from recent declines and rise SKr6 to SKr555.

ISTANBUL made a partial recovery on the announcement of a ceasefire in the disputed Nagorno-Karabakh enclave. The index came off the day's low to 3,852.59, off 16.96 on the day but up 6.4 per cent on the week.

BRUSSELS got a late boost from a firmer Wall Street opening. The Bel-20 index ended up 7.55 at 1,212.40, hardly changed on the week. The retailer Delhaize, which has a big exposure to the US, closed up 1.5 per cent at BFr9,240.

FT-SE Eurotrack 100 - Mar 13

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1150.49	1150.82	1152.51	1152.63	1153.24	1154.35	1155.74	1154.40

Day's High 1156.28 Day's Low 1150.32

Mar 12	Mar 11	Mar 10	Mar 9	Mar 6
1149.99	1161.88	1160.22	1165.45	1162.10

Base value 1000 (26/10/90).

ASIA PACIFIC

Futures and options activity lifts volume

Tokyo

RELIEF in decline was the keynote yesterday, as share prices closed above the 20,221.86 of October 1, 1990, having fallen briefly below that level on selling related to futures and options settlements, *writes Emiko Terazono in Tokyo.*

The Nikkei index closed 105.82 lower at 20,456.06, down 2.6 per cent on the week. The index firmed briefly after the opening, hitting the day's high of 20,590.74, but fell to a low of 20,168.15 in the afternoon. Bargain hunting, and late index-linked buying by investment trusts pushed up the Nikkei from the day's low.

Volume swelled from 280m shares to 650m, of which 350m was generated by futures and options settlements. The market has not seen this level of activity since December 18 last year, when December futures contracts were settled.

Declines exceeded advances by 648 to 315 with 164 unchanged. The Topix index of all first section stocks fell 8.21 to 1,464.00 and, in London, the ISE/Nikkei 50 index rose 0.99 to 1,118.79. A total of 239 issues fell to new lows since the beginning of last year, exceeding the 200 level for the fourth consecutive day.

Fears that the Nikkei would fall below the critical 20,000 level prevailed. Traders expected tokkin, or specified money trusts, and fund trusts to step up selling on Monday, the last trading day for the fiscal year.

Rumours that the authorities were considering implementing tighter rules on proprietary trading depressed sentiment. Traders said that tension between leading foreign houses and the authorities was rising due to extensive efforts by the authorities to reduce derivatives and proprietary trading.

Most leading high-technology issues rose on bargain-hunting. Hitachi, the most active issue of the day, rose Y4 to Y765 and Sony rose Y20 to Y3,960. However, NTT, a benchmark for market sentiment, fell for the 12th consecutive day, by Y8,000 to a new all-time low of Y656,000.

Financial issues were lower as companies and fund trusts continued to liquidate holdings. Mitsubishi Bank fell Y30 to Y2,330 and Sumitomo Bank lost Y20 to Y1,730.

Bio-technology issues, which have been sought by short-term traders, fell on profit-taking. Nippon Zeon fell Y3 to Y702 and Okamoto lost Y40 to Y1,330. However, Daiichi Pharmaceutical surged Y110 to Y1,770 on reports of its joint development of an Aids cure.

In Osaka, the OSE average 173.55 to 21,877.52 in volume of 72.7m shares.

Roundup

ONCE AGAIN, strength in Hong Kong was the region's main feature.

HONG KONG closed at its third straight record high in spite of a strong wave of afternoon profit-taking. The Hang Seng index advanced 28.38 to 5,071.19, 3.3 per cent higher on the week, in turnover up from HK$2.87bn to HK$3.55bn.

Once again dealers said that the strong dollar, to which the local currency is tied, has been drawing in foreign money.

TAIWAN credited hopes of an agreement on the presidential election process with a recovery through 5,000 on the weighted index which rose 45.77 to 5,030.63, up 0.7 per cent on the week, in light trading.

SEOUL saw bargain-hunting in Hyundai subsidiaries reversed on reports that the government had warned the group away from politics. The composite index fell 4.53 to 614.58, down 1.8 per cent on the week, as turnover stayed flat at Won203bn.

AUSTRALIA showed little reaction to higher January retail sales. The All Ordinaries index fell 3.0 to 1,588.4, down 1 per cent on the week, in turnover up from A$155m to A$168m. Coles Myer, the country's biggest retailer, rose 4 cents to A$11.06 following a 36-cent drop on Thursday, on flat profits and a surprise capital raising plan.

SINGAPORE reported scattered buying interest as the Straits Times Industrial index closed 5.07 higher at 1,466.08, 1.4 per cent higher on the week. KUALA LUMPUR gained on last-minute buying as the composite index put on 2.80 to 595.22, a rise on the week of 0.7 per cent.

BOMBAY was volatile as a bullish start to the new account triggered profit-taking. The BSE index fell from the day's high of 3,346.26 to close at 3,259.36, up 17.39.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MARCH 12 1992								WEDNESDAY MARCH 11 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	142.87	−1.3	123.98	121.20	124.31	125.86	−1.2	4.39	144.68	124.35	122.14	125.17	127.36	160.31	112.74	132.83
Austria (20)	170.00	−0.5	147.52	144.21	147.91	147.66	−0.3	1.95	170.94	146.92	144.31	147.88	148.06	222.37	155.86	209.74
Belgium (46)	137.31	−0.6	119.16	116.48	119.47	116.85	−0.2	5.08	138.20	118.78	116.88	119.55	117.07	151.20	118.04	148.50
Canada (115)	130.45	−0.5	113.20	110.65	113.49	112.83	−0.5	3.29	131.11	112.68	110.67	113.41	113.35	144.28	126.49	140.43
Denmark (36)	237.28	−1.1	205.90	201.29	206.44	209.77	−0.4	1.75	240.01	206.28	202.82	207.83	210.71	273.94	217.74	259.14
Finland (15)	80.50	−0.4	69.86	68.30	70.04	76.90	−0.4	2.21	80.86	69.50	68.27	69.96	77.19	125.15	73.32	120.01
France (108)	151.00	−1.7	131.03	128.08	131.37	134.84	−1.2	3.30	153.66	132.07	129.71	132.92	136.19	156.43	119.11	148.07
Germany (65)	117.12	−1.2	101.63	99.36	101.90	101.89	−0.7	2.23	118.57	101.91	100.11	102.57	102.57	125.35	94.15	117.94
Hong Kong (55)	209.59	+0.7	181.88	177.79	182.36	208.41	+0.7	3.73	208.16	178.91	175.72	180.09	207.01	209.59	118.62	146.83
Ireland (18)	157.34	−0.7	136.54	133.48	136.90	139.04	−0.2	3.67	158.42	136.16	133.74	137.06	139.30	182.46	132.86	182.46
Italy (77)	70.74	−1.2	61.39	60.00	61.54	66.24	−0.6	3.50	71.57	61.51	60.42	61.91	66.67	88.23	64.76	84.84
Japan (473)	107.78	−1.0	93.53	91.43	93.79	91.43	−0.5	0.93	108.83	93.54	91.87	94.16	91.87	146.97	107.78	141.54
Malaysia (68)	242.03	+0.9	210.03	205.31	210.57	238.96	+0.9	2.79	239.91	206.19	202.52	207.54	236.81	250.18	180.18	241.37
Mexico (18)	1680.11	−1.2	1457.96	1425.24	1461.78	5621.98	−1.2	1.00	1700.56	1461.59	1435.60	1471.17	5690.40	1799.77	534.45	685.20
Netherland (31)	147.88	−1.4	128.33	125.45	128.67	127.06	−0.9	4.34	150.04	128.96	126.66	129.81	128.23	156.48	125.70	143.70
New Zealand (14)	45.30	−0.5	39.31	38.43	39.41	43.86	−0.6	6.25	45.54	39.14	38.46	39.40	44.14	54.64	41.18	45.22
Norway (24)	164.01	−1.5	142.33	139.13	142.70	146.26	−0.8	1.73	166.49	143.09	140.55	144.03	147.39	223.24	157.08	217.05
Singapore (38)	207.26	+1.7	179.86	175.82	180.35	180.41	+2.0	2.15	203.80	175.16	172.05	176.31	157.27	228.49	151.80	200.47
South Africa (61)	213.30	+0.4	185.10	180.94	185.58	178.99	+0.0	2.81	212.48	182.62	179.37	183.81	178.99	271.99	173.00	207.54
Spain (52)	151.54	−2.3	131.50	128.55	131.84	121.57	−1.4	4.90	155.11	133.31	130.94	134.18	123.32	171.12	131.51	171.12
Sweden (25)	177.90	−2.1	154.38	150.92	154.79	159.99	−1.2	2.84	181.71	156.18	153.40	157.20	161.94	204.12	146.60	200.85
Switzerland (59)	95.99	−1.2	83.30	81.43	83.52	90.13	−0.8	2.22	97.12	83.47	81.99	84.03	90.86	104.22	82.17	97.54
United Kingdom (233)	170.23	−2.1	147.72	144.39	148.09	147.72	−1.2	5.05	173.94	149.50	146.83	150.46	149.50	187.44	156.27	187.44
USA (523)	165.03	−0.1	143.21	140.00	143.59	165.03	−0.1	2.96	165.12	141.92	139.40	142.85	165.12	171.66	125.95	151.35
Europe (809)	140.59	−1.7	122.00	119.26	122.32	122.82	−1.0	3.95	143.04	122.94	120.76	123.75	124.06	151.52	128.50	149.91
Nordic (100)	171.21	−1.6	148.57	145.23	148.96	147.31	−0.8	2.21	173.91	149.47	146.82	150.45	148.49	200.61	155.55	195.63
Pacific Basin (717)	112.36	−0.8	97.50	95.32	97.76	95.82	−0.4	1.31	113.31	97.39	95.66	98.03	96.22	145.92	112.36	141.06
Euro – Pacific (1526)	123.89	−1.2	107.51	105.09	107.79	107.20	−0.7	2.50	125.44	107.82	105.89	108.52	107.94	147.66	121.29	145.04
North America (638)	162.84	−0.1	141.31	138.16	141.71	161.48	−0.1	2.98	162.96	140.06	137.59	141.01	161.60	169.89	125.91	150.51
Europe Ex. UK (576)	122.23	−1.4	106.07	103.71	106.37	108.17	−0.9	3.18	123.89	106.57	104.70	107.29	109.12	129.80	103.58	127.24
Pacific Ex. Japan (244)	157.52	+0.0	136.69	133.65	137.07	140.81	+0.1	3.83	157.52	135.38	132.99	136.28	140.74	158.16	111.40	134.46
World Ex. US (1720)	126.11	−1.2	109.43	106.98	109.72	109.48	−0.7	2.52	127.61	109.68	107.74	110.40	110.22	148.18	122.32	145.81
World Ex. UK (2010)	135.24	−0.6	117.36	114.73	117.68	124.48	−0.3	2.42	136.01	116.89	114.82	117.67	124.87	150.58	120.06	142.54
World Ex. So. Af. (2182)	137.82	−0.7	119.60	116.92	119.92	126.18	−0.4	2.70	138.85	119.34	117.23	120.13	126.72	153.05	122.92	146.15
World Ex. Japan (1770)	155.67	−0.6	135.08	132.06	135.46	146.55	−0.4	3.34	156.68	134.66	132.28	135.56	147.44	161.90	125.69	150.56
The World Index (2243)	138.29	−0.7	120.00	117.31	120.32	126.66	−0.4	2.70	139.30	119.73	117.60	120.52	127.20	153.70	123.28	146.52

Constituent change with effect 16/3/92: Deletion: Focsa (Spain). Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
8pc 1992 ‡‡		99 11/16xd	—	99 13/16	95¼	8.82	10.12
10½pc Cv 1992‡‡		99 15/16	−1/32	100 13/16	98½	10.58	10.43
3pc 1992		98¼	—	98¼	91 7/8	3.04	8.40
Exch 12¼pc 1992		100¾	−1/32	102 1/16	100⅝	12.16	10.48
13½pc 1992		101 13/16xd	−1/32	104⅛	101 15/16	13.30	10.44
Treas 8¾pc 1993		98 15/16	−1/16	98 13/16	94	8.87	9.98
10pc 1993‡‡		99 13/16xd	−1/16	100¾	97 1/16	10.01	10.15
12½pc 1993‡‡		102 13/16	−1/16	104¾	102⅝	12.15	10.18
Funding 6pc 1993‡‡		95 13/16	−⅛	95 1/16	89¾	6.28	8.98
Treas 13¾pc 1993‡‡		105 13/16	−1/16	108 1/16	105 15/16	13.04	10.14
8½pc 1994		97 3/16	−⅛	98½	92 15/16	8.71	9.96
14½pc 1994‡‡		107 3/16	−⅛	111⅞	107 3/16	13.48	10.15
Exch 13½pc 1994		106¼	−⅛	109	105 13/16	12.71	10.15
Treas. 10pc Ln. 1994‡‡		99 11/16	−⅛	101 1/16	98 15/16	10.01	10.02
Exch 12½pc 1994		105 3/16	−⅛	107⅛	103¾	11.98	10.13
Treas 9pc 1994‡‡		[illegible]	−1/16	99¼	93¼	9.28	9.90
12pc 1995		104 13/16	−1/16	108 13/16	102 1/16	11.47	10.06
Exch 3pc Gas 90-95		88⅞	−⅛	89	82⅛	3.39	7.22
10¼pc 1995		100⅝	−⅛	102 11/16	98 13/16	10.19	10.03
Treas 12¾pc 1995‡‡		108 3/16	−1/16	110 13/16	105⅞	11.78	10.01
14pc 1996		111⅞	−1/16	114 1/16	109 13/16	12.51	10.19
9pc 1992-96‡‡		98⅛	−1/16	100	92 15/16	9.08	9.27
15¼pc 1996‡‡		118⅝	−⅛	119 13/16	115 11/16	13.08	10.21
Exch 13¼pc 1996‡‡		110¾	−1/16	112 15/16	108	12.02	10.16
Conversion 10pc 1996		100 3/16	−1/16	102 1/16	95 13/16	9.98	9.94
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		111⅞	−½	114 3/16	108 13/16	11.84	10.09
Exch 10½pc 1997		102¼	−1/16	104½	97¼	10.27	9.91
Treas 8¾pc 1997‡‡		95⅜	−½	97 15/16	89 13/16	9.17	9.87
Exch 15pc 1997		120 3/16	−1/16	123 3/16	117	12.49	10.20
9¾pc 1998		98 3/16	−1/16	101 13/16	93 13/16	9.92	9.92
Treas 6¾pc 1995-98‡‡		87 15/16	−1/16	90⅛	80⅝	7.70	9.46
15½pc '98‡‡		125⅜xd	−½	128⅞	121¾	12.35	10.12
Exch 12pc 1998		109 3/16	−½	112 13/16	104⅛	10.98	10.01

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Treas 9½pc 1999‡‡		98 13/16	−½	101⅝	92 13/16	9.60	9.72
Exch 12¼pc 1999		111 3/16xd	−½	114 3/16	105 13/16	11.02	10.01
Treas 10½pc 1999		103 1/16	−1/16	105 13/16	97 3/16	10.18	9.91
Conversion 10¼pc 1999		101 13/16	−1/16	104⅞	95 13/16	10.08	9.89
9pc 2000‡‡		95 3/16	−1/16	98 1/16	88⅛	9.38	9.71
Treas. 13pc 2000		116 3/16	−⅛	119 13/16	110½	11.18	10.05
10pc 2001		101¼	−½	104 3/16	94 3/16	9.88	9.80
14pc '98-01		117 1/16	−1/16	120 1/16	113 3/16	11.96	10.22
9¾pc 2002		99 13/16	−1/16	103 3/16	92 13/16	9.78	9.76
9¾p 2002 C		64 13/16	−1/16	68 3/16	64 13/16	9.78	9.76
10pc 2003		101⅛	−⅛	105 13/16	94 3/16	9.84	9.76
Treas 11½pc 2001-04		109 13/16xd	−1/16	112 3/16	102	10.57	10.00
Funding 3½pc '99-04		60 13/16	−1/16	63 3/16	53⅛	5.79	8.83
Conversion 9½pc 2004		98⅛	−1/16	102 3/16	90 13/16	9.67	9.73
9½pc 2004 A		98⅛	−1/16	102 3/16	98 13/16	9.67	9.73
9½pc 2005		98 13/16xd	−1/16	102¼	90 13/16	9.68	9.71
Treas 12½pc 2003-05		118 3/16	−1/16	122 13/16	111	10.58	9.86
8pc 2002-06‡‡		87xd	−⅛	90 13/16	79 13/16	9.20	9.66
Over Fifteen Years							
Treas 11¾pc 2003-07		112 3/16	−⅛	116⅞	105 13/16	10.44	9.84
8½pc 2007 ‡‡		91 3/16	−1/16	95	84 3/16	9.31	9.56
8½pc 2007 A		91 3/16	−1/16	94 13/16	91 3/16	9.31	9.16
13½pc '04-08		125 3/16xd	−1/16	130 13/16	118 13/16	10.77	9.86
9pc 2008 ‡‡		95 3/16xd	−1/16	99⅛	88 13/16	9.42	9.54
8pc 2009		87 3/16xd	−1/16	90 13/16	80	9.19	9.53
Conv 9pc Ln 2011 ‡‡		95 13/16	−1/16	98 13/16	88 3/16	9.43	9.52
9pc 2011 B		95 [illegible]	−1/16	99 1/16	93 13/16	9.48	9.51
Treas. 9pc 2012		46 13/16	−1/16	50¼	46 13/16	9.41	9.49
Treas 5½pc 2008-12‡‡		64 3/16	−½	67¼	58 13/16	8.56	9.49
7¾pc 2012-15‡‡		83 13/16	−1/16	87⅛	78 13/16	9.29	9.54
Exch 12pc '13-'17		122 3/16	−1/16	127 3/16	113 3/16	9.82	9.55
Undated							
Consols 4pc		46⅞	−⅛	48 3/16	37 13/16	8.70	—
War Loan 3½pc‡‡		36 3/16	−⅛	38⅛	33 3/16	9.67	—
Conv 3½pc '61 Aft		58 13/16xd	−⅛	61 3/16	57⅛	6.04	—
Treas 3pc '66 Aft		30⅛xd	−1/16	31 13/16	28¼	9.80	—
Consols 2½pc		25 13/16xd	−1/16	26 13/16	23⅝	9.74	—
Treas. 2½pc		25⅛xd	−1/16	26 13/16	23 13/16	9.85	—

BRITISH FUNDS - Cont.

Index – Linked	Notes (b)	Price £	+ or -	1991/92 high	1991/92 low	Yield Int. (1)	Yield Red. (2)
Treas 2pc '94	(102.9)	124⅛	−1/16	124 13/16	118 3/16	2.48	3.59
2pc '96	(67.9)	180 13/16	−⅛	181 13/16	168 13/16	3.19	3.74
2½pc '01	(78.3)	148 1/16xd	−½	147⅝	137 3/16	4.01	4.31
2½pc '03	(78.8)	140	−⅛	142 13/16	133	4.14	4.39
2pc '06	(69.5)	140⅝	−1/16	144	135	4.28	4.46
2½pc '09	(78.8)	127⅝	−⅛	131½	124 3/16	4.34	4.52
2½pc '11	(74.6)	131 3/16	−¼	136 3/16	128 1/16	4.34	4.51
2½pc '13	(89.2)	107 13/16	−⅛	111 1/16	105⅞	4.38	4.50
2½pc '16	(81.6)	114 1/16	−⅛	118 13/16	113 13/16	4.34	[illegible]
2½pc '20	(83.0)	109 1/16xd	−⅛	113 13/16	109 13/16	4.34	4.47
2½pc '24‡‡	(97.7)	90⅜	−1/16	95⅛	90⅜	4.28	4.41

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for June 1991: 134.1 and for January 1992: 135.6.

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
African Dev 11¼ 2010		109 13/16	−1/16	111½	95⅞	10.78	10.08
Asian Dev 10¼pc 2009		103⅛	−1/16	105 13/16	91⅞	10.33	9.88
B'ham 11½pc 2012		105	—	106½	100½	11.33	10.80
Ireland Cap 8½pc '10		92	—	98⅛	88½	8.80	—
9pc Cap 1998		92½	+⅛	98¼	92⅛	9.17	—
13pc '97-02		107	—	118½	107	11.38	—
Hydro Quebec 15pc 2011		134 3/16	−¼	137½	120 13/16	10.8	10.74
Int-Am Dev 12½pc 2003		115 13/16	−1/16	116 3/16	105 13/16	11.08	10.08
9¾pc 2015		89 3/16	−1/16	101 3/16	88⅞	10.87	9.84
Leeds 13½pc 2006		117¼	+¼	118½	110¼	11.85	11.05
Liverpool 3½pc Irred		31	—	31¼	28	[illegible]	—
LCC 3pc '20 Aft		28	—	28	26	11.11	—
Manchester 11½pc 2007		105¼	—	107¼	97½	11.27	10.80
Met. Wtr. 3pc 'B'		[illegible]	—	55¼	52	5.77	9.67
N'wide Anglia 3⅞pc 2021		104½	—	106¼	102	—	5.55
4¼pc IL 2024		104⅝	−¼	107¼	104	—	5.26
Utd Mex States 16½pc 2008		123½	—	128	101	13.33	12.98

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs	34 11/16xd	+1/16	36 11/16	20 7/8	14,850	1.9
♥Allegheny & W	314p	+2	385p	218p	163.2	5.4
Amdahl	1079p	-16	1158p	667p	1,197	0.5
Amer Cyanamid	36	-1/4	42 1/8	25 5/8	3,357	2.3
Amer Express	12 3/4xd	-1/4	17 7/8	9 15/16	5,762	4.6
Amer T & T	22 1/8xd	-1/8	24 1/2	15 3/4	28,899	3.4
Ameritech	36	+1/4	38 7/8	32 1/2	15,324	5.5
BankAmerica	25 1/2xd	+1/8	26 3/16	12 3/16	5,543	2.9
Bankers NY	33 7/16xd	+1/2	38 3/16	20 1/16	2,747	8.2
Bell Atlantic	24 1/2	-1/8	30 1/2	24 1/4	9,835	5.8
BellSouth	28 1/2	—	31 1/4	25	12,853	5.9
♥Bethlehem Steel	7 13/16xd	-1/8	11 1/4	6 3/16	505.0	–
Bowater	1451pxd	-23	1636p	1042p	521.2	4.7
CPC	49 1/2xd	+1/8	54 11/16	37 11/16	3,741	2.5
California Engy	701p	—	938p	420p	127.6	–
Campbell Soup h	21 1/2	+3/16	25	14 1/8	5,494	1.8
Chase Manhattan	13 3/16xd	+1/16	14 3/16	5 3/16	1,810	5.1
Chrysler	9 5/8xd	+3/16	10 1/8	5 3/8	2,813	3.5
Citicorp	9 3/16xd	—	10 5/8	4 5/8	3,241	–
Colgate-Palm	26 5/8xd	-1/4	27 5/8	21 3/16	3,872	2.2
Cont'l Bank	882p	-16	978p	438p	881.3	3.8
Dana	20 3/4xd	-3/16	21 5/8	13 5/8	852.9	4.3
Data General	613p	-15	1282p	203p	169.2	–
Dial	29 1/8xd	+3/16	29 1/8	12 7/8	1,156	2.7
Dun & Brad	32 1/2	-1/4	32 1/4	20 3/4	5,789	3.7
Eaton	40 1/4	+1/4	41 7/8	24 1/4	1,370	3.1
Echlin	9 7/8xd	—	9 15/16	5 1/2	561.5	4.0
FPL	19 7/16xd	—	20 1/8	14 7/16	3,294	7.0
Fluor	29 3/16xd	-1/8	30 3/16	17 3/16	1,911	1.0
Ford Motor	21 1/2xd	+1/4	23 1/4	13	10,178	2.6
Gen Elect	45 1/4xd	+1/4	46 13/16	28 3/16	39,105	2.6
♥General Host	497p	+2	586p	270p	–	4.1
Gillette	27 3/8xd	-1/8	45 1/4	30 7/8	5,985	1.3
Hasbro	22 1/8	+1/4	24	7 13/16	1,268	0.5
Honeywell	41 13/16xd	-3/16	42 3/16	21 3/4	2,924	2.2
Houston Inds	24 1/4	-1/4	24 1/2	17 7/8	3,128	6.9
IBM	52 1/8xd	+1 3/16	72 13/16	46	29,822	5.2
Ingersoll-Rand	34 5/8xd	-3/8	37 1/2	18 3/16	1,795	2.2
Lockheed	28 1/4	+1/8	28 1/8	16 5/8	1,661	4.3
Lowe's	2305p	+3	2479p	1245p	839.3	1.4
Merrill Lynch	32 3/4xd	+1/8	33 13/16	10 1/16	3,382	1.7
Morgan (JP)	34 1/4xd	+3/16	38 1/4	21 11/16	6,469	3.6
Morris (Philip)	45 3/16xd	+13/16	45 3/16	25 3/16	41,991	2.6
NYNEX	42	-1/8	46 1/4	39	8,519	6.1
♥Pac Agric	28p	—	89p	15p	–	–
Pall	15 3/8	—	17 13/16	10 3/16	1,348	1.3
Pennzoil	27 1/16xd	+1/16	46 1/4	25 1/4	1,093	6.2
Quaker Oats	38 1/4	+3/16	[illegible]	24 7/8	2,695	2.7
Rockwell	15 3/16xd	+3/16	17 7/8	12 1/8	3,551	3.4
Rep NY	23 1/4xd	+1/8	27 13/16	16 1/2	[illegible]	2.4
Sears Roebuck	26 3/16xd	-1/16	26 13/16	13 13/16	9,139	4.2
Stwestern Bell	33 5/8	-1/8	35 7/8	25 5/8	10,092	4.8
Sun Co	18xd	—	29 1/4	14 1/8	1,896	6.4
Tenneco	22 1/2xd	-1/8	27 1/8	14 7/8	2,755	4.0
Texaco	33 5/8xd	+1/4	40 1/2	29 1/16	8,891	5.4
Time Warner	61 1/4xd	-7/8	64 1/2	37 7/8	5,655	0.9
♥Unilab	587p	—	587p	250p	545.3	–
Utd Tech	30 1/4xd	+1/16	31 1/2	22 1/8	3,079	3.3
♥Utilitech	101p	—	101p	43p	–	–
♦URS Intl. 1c	0 1/2p	—	1 1/4p	0 1/4p	1.88	–
US West	20 1/2	—	23	18 1/4	6,376	5.7
Varity	737p	-7	1410p	578p	183.9	–
Waste Manage	24 5/8xd	+1/8	26	16 5/8	11,647	1.0
Whirlpool	2583pxd	—	2790p	1053p	1,795	2.4
♥Woolworth	18 7/8	+1/8	20 3/16	[illegible]	2,281	3.6

CANADIANS

BANKS

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FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+or -	1991/92 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scot National Inc		91	-½	116	91	12.8	—	—
Cap		27	—	[illegible]	27	—	16.3	-65.0
Stepped Pf		[illegible]	-½	133½	113	5.4	—	—
Zero Div Pf		170½	-½	172½	141	—	—	—
Warrants		8½	—	18	6½	—	—	—
Scot Value		56½	—	57	46¼	2.9	57.6	3.1
Sec Alliance	†	1188	—	1208	882	4.0	1358.5	12.6
Second Market		235	—	238	188	0.9	280.0	15.7
Sec Tst Scot	†	68½	—	76	57½	4.6	72.7	5.8
Select Assets		99	—	102	71	1.2	136.4	27.4
Eq Ind Sert		112	-1	121	88	8.1	—	—
Eq Ind Secd		112	-1	121	89	8.1	—	—
Shires	†	212xd	-3	208	191	[illegible]	[illegible]	4.6
11pc Cv Ln '03/04		£105½	—	£120½	£97½	10.4	—	—
Scm Select		[illegible]	—	[illegible]	78	1.5	104.4	15.7
Warrants		19½	—	31	17	—	—	—
Smaller Cos		78	-3	[illegible]	60	4.6	82.9	12.0
Warrants		18	—	35	8	—	—	—
Sphere Inc		15½	—	33	15½	[illegible]	23.3	33.4
Zero Div Pf		68½	—	69¾	58¾	—	—	—
Warrants		9¼	—	9½	9¼	—	—	—
Stratton		156	—	165	120	[illegible]	189.3	17.8
Sumit		41xd	+1	119	38	4.1	108.0	62.0
TR City of Lon	M	105½	—	121¼	90	6.1	110.4	4.4
TR Euro Growth		88	—	104	78	1.5	100.7	12.6
Ptg Sub		61	—	[illegible]	40	2.6	—	—
TR Far East Inc		88	—	94	56	4.3	101.8	12.6
Warrants		18	—	28	12	—	—	—
TR High Inc		87xd	—	115	85	9.2	98.1	-1.0
Sub		31	—	36	24	6.6	—	—
TR Pacific		88xd	-1	92	49	0.4	99.5	11.7
TR Prop		23½	—	37	23½	8.2	33.4	28.1
TR Smaller		126½	+½	165	98	3.9	148.5	15.2
TR Technology	M	35	-½	32	20	7.8	127.1	72.5
Stepped Pf		94¾	—	94¾	70½	7.8	—	—

[illegible]

MERCHANT BANKS - Cont.

	Notes	Price	+or -	1991/92 high	low	Mkt Cap£m	Yld Gr's	P/E
Hambros	†	[illegible]	-5	302	204	441.8	6.7	[illegible]
7½pc Cv Pf		108	-1	125	90	182.8	9.3	[illegible]
Joseph (L)		[illegible]	—	410	323	17.2	8.4	[illegible]
Kleinwort Benson		228xd	-2	377	232	308.8	8.8	[illegible]
Rea Bros		28	—	48	24	11.4	2.3	[illegible]
Schroders	†	1005	—	1143	840	558.8	1.7	[illegible]
SGVV	†	348	—	553	428	123.4	2.9	[illegible]
Singer & Fried		45	—	58	33	88.0	7.7	[illegible]
Warburg (SG)	†	525	-6	588	314	1,080	4.1	[illegible]
6pc Cv Pf		181	+1	282	105	77.8	4.4	[illegible]
Wintrust		223	—	[illegible]	220	18.9	5.6	[illegible]

METALS & METAL FORMING

	Notes	Price	+or -	1991/92 High	low	Mkt Cap£m	Yld Gr's	P/E
ASW		147	+1	278	131	90.1	8.4	[illegible]
Apollo Metals		140	—	148	112	10.2	[illegible]	[illegible]
Ash & Lacy		140	—	180	88	28.8	5.8	[illegible]
Barrett (H)		34	—	[illegible]	33	14.8	7.8	[illegible]
Billam (J)		114	-4	118	88	1.85	5.1	[illegible]
Brasway		18½	—	18	11	11.8	4.4	[illegible]
Brit Steel		70½	—	140	61	1,010	15.5	[illegible]
Bromsgrove	M	108	—	*141½	[illegible]	88.1	5.2	[illegible]
BCI		21	-1	35	21	18.2	13.8	[illegible]
Castings	†	128	—	139	78	27.4	3.9	[illegible]
Chamber & Hill		88	—	100	[illegible]	8.94	8.1	[illegible]
Clayhithe	M	37	-1	123¾	37	8.18	9.8	[illegible]
9½pc Cv 2000-1		£87½	—	100	£82½	5.01	14.1	[illegible]
Cohen (A)		388	—	535	350	6.59	0.7	[illegible]
Cook (Wm)	†	208	-1	304	203	90.3	7.0	[illegible]
Cooper (F)		46	—	84	45	19.8	[illegible]	[illegible]
Cronite		31	—	40	12	5.04	—	[illegible]
Dowelebrae		30	—	30	27	8.30	3.7	[illegible]

[illegible]

MISCELLANEOUS

[illegible]

INVESTMENT COMPANIES

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL & GAS - Cont.

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

	Notes	Price	+or -	1991/92 High	low	Mkt Cap£m	Yld Gr's
Kenmare		4¾	—	25	3½	4.60	—
Navan Res IE		25	+1½	28	15	3.35	—
Northgate Expl C$	s	44	-1	68	39	6.65	—
North West Expl A$		3	—	18	2	1.01	—
Oryx Gold $		80	—	188	79	—	—
Ovoca Gold IE		10	—	23	8	0.78	—
Pleiades		9	—	44	9	4.18	—
RTZ	q	671	+16	606	404	6,716	4.7
Vizcaya		2	—	19	2	1.87	—
Western & Pac C$		15	+6½	102	7	0.23	—
Young Grp		47	—	139	25	7.07	14.8

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column only as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current *pre-closing share price. The NAV basis assumes prior charges at par value,* convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock *Exchange Automated Quotation system (SEAQ), and non-UK stocks which are* quoted on SEAQ International
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ *Interim since reduced, passed or deferred*
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(A)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ☆ *Not officially UK listed; dealings permitted under Rule 535(2)*
- # Price at time of suspension

[illegible]

u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. | yield, p/e based on latest annual earnings. ¶ Yield based on prospectus or other | xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the *Editor's discretion*

FINANCIAL TIMES
Weekend March 14/March 15 1992

Party may finally be over for Pravda

John Lloyd on why the communist paper faces closure days before its 80th birthday

In debt: Pravda has fallen foul of the law of profit

PRAVDA, the most famous communist newspaper in the world, is 48 days short of its 80th birthday. The chances are, however, that it will not achieve octogenarian status, with the after-life it has managed to preserve since the death of the party in August being snuffed out at last.

It has run out of money, and is several million roubles in debt. Its publisher, Pravda Publishing House – which it used to control – has given it a final warning: if it cannot pay, today's edition will be the last.

After nearly 80 years of propaganda, lies, distortion, calumny and invention, Pravda has at last fallen foul of what it was founded to destroy: the iron law of profit.

Mr Vselevod Ovchinnikov, a foreign affairs commentator for the paper, said last night that hugely increased costs for paper, distribution and services mean it costs Rbs600 to provide a copy of Pravda to each of its 1.5m subscribers and casual buyers – while the price of a subscription was set last year at Rbs29.

The network of foreign correspondents – the finest flowers of Pravda and often skilled, if inevitably ideologically limited, observers of the international scene – once totalled nearly 50. It now has foreign bureaux only in Washington, London, Paris, Berlin and Beijing.

Pravda's cost structure, should any western press baron be interested, is now horrendous. It gets Rbs30m a year from subscriptions, Rbs10m from kiosk sales and Rbs40m from advertising, making an income of Rbs80m. Its annual outgoings, however, are Rbs300m, of which only Rbs26m are editorial expenses.

"We want to try to survive until May 5, our 80th anniversary," Mr Ovchinnikov said. "We are planning a big festival."

However, the publisher, taken over after the August coup by the Russian Information Ministry, has called in its debts. A bank loan is being negotiated but Pravda executives do not believe that the publisher, now in the hands of ideological opponents, will wait. A gloomy board meeting yesterday came up with no new ideas, nor any new money.

"I think that this is connected with the events of March 17," Mr Ovchinnikov said. "The Russian authorities would be happy not to see us appear then."

A session of the defunct Peoples Congress of the Soviet Union is planned for that day in the Kremlin, together with a demonstration of former Communists and other anti-government forces in Moscow; Pravda has supported both initiatives.

Mr Alexander Ilyin, a deputy editor, said: "This is a sad loss for the country. Whatever you think of the paper and its past political allegiance, it is a national institution."

Once selling some 10m and required reading for all party members, as well as for all observers of the Soviet Union, because of its scanty and heavily coded glimpses into official policy, Pravda's circulation dropped to 1.3m at the end of last year.

However, its staff say the circulation has risen to 1.5m as the paper gained readers because of its strong line of opposition to the Yeltsin government and to the disintegration of the former Soviet Union.

Armenian-Azeri dispute "a war", says CIS head, Page 2

Spens is denied not guilty verdict

By Raymond Hughes, Law Courts Correspondent

Shaken: Lord Spens leaves the court after pledging to challenge the judge's rulings

LORD SPENS, the former corporate finance managing director at Henry Ansbacher, the merchant bank, was yesterday refused a formal not guilty verdict in the recent Guinness trial. He sought a formal acquittal after the Serious Fraud Office decided not to continue prosecuting him for his part in the Guinness takeover of Distillers Group in 1986.

Mr Justice Henry also refused to order costs of between £300,000 and £400,000, which Lord Spens incurred before being granted legal aid, be paid from public funds because "he brought the prosecution on himself". However, the judge said, because of Lord Spens' financial circumstances, he would not have to pay a £100,000 legal aid contribution.

The judge ruled that the fraud and false accounting charges against Lord Spens remain on the file and not be proceeded with without the court's permission. Afterwards Lord Spens, who was clearly shaken and angry, said he would challenge the rulings by way of a judicial review.

The second Guinness trial ended last month after psychiatrists expressed concern about the mental state of Lord Spens' co-defendant, Mr Roger Seelig, who conducted his own defence. The prosecution of Mr Seelig was halted by a *nolle prosequi*, which stayed the proceedings against him but did not acquit him. The SFO decided, in the circumstances, it would be unfair to proceed against Lord Spens who then sought a formal acquittal.

Mr Justice Henry said yesterday both he and the SFO had believed there was sufficient evidence to proceed against Lord Spens. The decision against a second trial had been taken on other grounds.

An order staying proceedings against Lord Spens would leave him in the same position as Mr Seelig, the judge said.

Dealing with the application for costs, the judge referred to evidence Lord Spens had given to Department of Trade and Industry inspectors.

That evidence, which had not been put before the jury before the trial was aborted, concerned Lord Spens' conduct in relation to Mr Seelig's request that he recruit Guinness share supporters under indemnities against loss.

The judge said the City code imposed an obligation on advisers to consult the takeover panel about any "grey area" of City practice.

Lord Spens had been faced with a highly unusual transaction beyond his immediate experience and had chosen not to consult the panel.

The judge said: "If he had consulted the panel it is clear from the evidence he would have been told not to have anything to do with the transaction. There would not have been a prosecution and none of the unhappy consequences to him and his family would have occurred. He brought the prosecution on himself and it would be wrong to use public funds to protect him against the consequences of that."

Mr David Hood, counsel for Lord Spens, twice interrupted the judgment. He complained about the judge's "subjective interpretation" of the evidence and said he and Lord Spens did not accept any of what the judge was saying about matters that would have been contested at the trial.

It was, Mr Hood asserted, wholly wrong for the judge to give judgment on matters on which the prosecution had offered no evidence as if they had been determined at trial.

Zulu leader in pact with S African right wing

By Patti Waldmeir in Johannesburg

A SENIOR leader of South Africa's Zulu Inkatha party yesterday signed an agreement with leaders of rightwing parties, in an attempt to persuade whites to vote No in next week's referendum on whether the government should continue negotiations to end apartheid.

Chief Mangosuthu Buthelezi, the Inkatha leader, immediately repudiated the agreement, announced by the head of Inkatha in the province of Transvaal, Mr Musa Myeni.

Mr Myeni, who is one of Chief Buthelezi's most powerful lieutenants, held a joint press conference with the leader of the neo-Nazi Afrikaner Weerstandsbeweging (Afrikaner Resistance Movement, AWB), Mr Eugene Terré-blanche, and Mr Ferdi Hartzenberg, deputy leader of the ultra-right Conservative party.

They said they had signed a non-aggression pact aimed at persuading whites, in the words of Mr Terréblanche, that "they will not be murdered by black people if the No vote wins this referendum".

This was a reference to a statement earlier in the day by Mr Nelson Mandela, leader of the African National Congress (ANC), that race war would be inevitable if political reform is rejected in the referendum.

The ruling National party has used the prospect of a race war to try to persuade whites to vote Yes in the referendum, which will determine whether negotiations on a new constitution continue.

The announcement could undermine the campaign of President F. W. de Klerk, who was mobbed yesterday by rightwing students at Pretoria University. They tried to beat him over the head with a placard.

Many National party supporters have long hoped for an alliance with Inkatha to prevent domination by the ANC in a future government. Yesterday's deal will shake their confidence in the prospect for such an alliance.

The pact will also give credence to charges that right-wing whites have been involved in black-on-black violence which has left 11,000 people dead since 1984.

Violence has flared again since the whites-only referendum was announced three weeks ago, with nearly 230 people dead in that period. Some 23 were killed yesterday alone.

Chief Buthelezi reacted furiously to news of the deal between Mr Myeni and the leadership of the Conservative party and its paramilitary ally, the AWB. He distanced himself from the CP's policy of separate homelands for whites and blacks, saying the creation of racially-divided states was "unthinkable".

It was not clear whether Mr Myeni intended to lead a breakaway faction from Inkatha into a formal alliance with the AWB, nor was it clear whether Mr Hartzenberg spoke for the whole of the CP leadership.

White South Africa faces its last trek, Weekend Page I

Volvo winds up import deal with Lex

By Jane Fuller

VOLVO, the Swedish car maker, is ending its exclusive import agreement with Lex Service four years early to take direct control over the distribution of its vehicles in the UK.

The premature termination of a relationship that goes back 33 years will cost Volvo more than £100m.

In the heyday of Volvo imports in 1988-89, more than 80,000 cars a year were sold in the UK – the second most important market to Volvo.

Last year, in a UK car market that was 30 per cent down on its 1989 record of 2.3m units, Volvo's figure was 47,000 – a share of just under 3 per cent.

Volvo said the ending of the agreement reflected no disappointment in Lex.

It followed the creation of a European marketing section in Brussels.

The Swedish group is following Nissan and Toyota, the Japanese manufacturers, which have set out to acquire control of their importer/distributor operations from independent franchises. Volkswagen also seems determined to take control of VW/Audi in the UK from Lonrho.

Last year Volvo Concessionaires contributed a £13m operating profit to Lex's total of £16.2m. This compares with a profit peak for the import business of about £50m in the late 1980s.

Lex's results, announced yesterday, showed a slide in pre-tax profit, after £16.5m of interest payments, to £500,000 on turnover of £1.32bn.

Sir Trevor Chinn, chairman, blamed "appalling conditions in the UK motor industry".

Lex's share price dropped 30p to close at 205p yesterday, giving the group, which is left with motor retailing and vehicle leasing, a market value of about £191m.

Results, Page 12
London stocks, Page 17

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
BMW	560	+	6
Deckel	146	+	[illegible]
Karstadt	658	+	9
Mercedes	587	+	4.2
Falls			
Douglas	682	–	3
Hedelb	970	–	10
New York ($)			
Rises			
Chrysler	16¾	+	¼
Dayton Hudson	63½	+	2⅛
Lotus Dev	38	+	1¼
Falls			
DDI	3	–	4½
Gen Motors	37½	–	¼
Pfizer	70¾	–	1⅞
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Air Liquide	775	+	12
Beghin-Say	620	+	10
EBF	820	+	20
Falls			
Coparex	605	–	50
Geophysique	646	–	17
Skis Rossignol	781	–	18
Tokyo (Yen)			
Rises			
Fukusuke	1040	+	90
Iseki	390	+	26
Falls			
Daimaru	621	–	49
Gakken	781	–	59
Nichimo	545	–	[illegible]
Uni Charm	970	–	100
Frankfurt prices are pre-close.			
London (Pence)			
Rises			
Gieves	40	+	2½
Lyles (S)	95	+	6
RTZ	571	+	16
[illegible]	172	+	[illegible]
Tomorrows Leisure	43	+	5
World of Leather	46	+	[illegible]
Falls			
Archer (AJ)	41	–	6
Cadbury Schweppes	447	–	12
Cakebread Robey A	25	–	20
Clarke Hooper	11	–	25
Dart	55	–	28
Gardiner	30	–	5
Global Group	8	–	2
Lex Service	205	–	30

Superchip

Continued from Page 1

conductor which can process a large amount of data concurrently at very high speeds.

While Labour looked to the transputer as a revolutionary device which could help Britain gain leadership in semiconductors, the succeeding Conservative government delayed funding and then sold Inmos to Thorn EMI in 1984. Thorn sold Inmos to SGS-Thomson in 1989.

The transputer recently won a significant endorsement when IBM, the world's largest computer manufacturer, decided to use the device in the control mechanism of its computers.

Inmos said, however, that it did not make economic sense for SGS-Thomson to invest the £50m or so needed to upgrade the Newport plant in order to satisfy volume production.

The financially pressed group has recently made huge investments in other semiconductor fabrication plants.

Production at the Newport plant will be gradually wound down over the next 12 to 18 months and transferred to SGS-Thomson plants at Rousset, in southern France, Agrate in Italy and Carrollton, Texas.

There will be a limited number of redundancies among the 450-strong workforce in the next month, but there are no detailed plans for overall redundancies when the plant finally closes.

WORLDWIDE WEATHER

Today: Wintry showers taking the form of snow in the north-east of England and all over Scotland. The rest of northern England, East Anglia, north Wales and Northern Ireland will have scattered sleet and snow. Some bright spells but scattered showers in the south. **Outlook:** Rain spreading to all parts on Sunday.

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	13	55	Bombay	S	36	97	Corfu	F	13	55	Hong Kong	S	20	[illegible]
Algiers	S	19	66	Bordeaux	C	14	57	Dallas †	C	7	45	Innsbruck	F	13	55
Amsterdam	R	5	41	Boulogne	C	10	50	Dublin	F	9	48	Inverness	Sn	1	34
Athens	S	14	57	Bristol	C	10	50	Dubrovnik		–	[illegible]	Isle of Man	C	7	45
Bahrain	F	18	64	Brussels	C	11	52	Edinburgh	F	[illegible]	[illegible]	Istanbul	S	8	46
Barcelona	S	13	58	Budapest	C	11	52	Faro	S	18	64	Jersey	Dr	10	50
Beijing	F	14	57	Buenos Aires		–	–	Florence	F	13	55	Johannesburg	S	28	82
Belfast	C	5	41	Cairo	F	20	68	Frankfurt	[illegible]	10	50	Las Palmas	S	20	68
Belgrade	S	17	63	Cape Town	S	27	81	Geneva	C	8	46	Leeds	C	6	43
Berlin	F	1	34	Cardiff	R	10	50	Gibraltar	S	17	63	Lisbon	S	16	61
Biarritz	[illegible]	12	54	Chicago †	S	-8	18	Glasgow	Sl	3	37	Locarno	[illegible]	12	54
Birmingham	R	9	48	Cologne	[illegible]	10	50	Guernsey	C	15	[illegible]	London	C	12	54
Blackpool	[illegible]	[illegible]	43	Copenhagen	F	5	41	Helsinki	C	2	36	Los Angeles †	C	16	61

		°C	°F			°C	°F			°C	°F			°C	°F
Luxembourg	C	7	45	Munich	C	8	46	Prague	R	9	48	Tel Aviv	C	17	63
Madeira	C	15	59	Nairobi	F	28	82	Reykjavik	[illegible]	-9	16	Tenerife	F	19	66
Madrid	S	14	67	Naples	S	12	54	Rhodes	F	14	57	Tokyo	S	17	63
Majorca	S	16	61	Nassau		–	–	Rio de Janeiro		–	–	Toronto †	S	-15	5
Malaga	S	17	63	Newcastle	F	5	41	Rome	C	13	55	Tunis	C	15	59
Malta	F	15	59	New Delhi	S	28	82	Salzburg	R	11	[illegible]	Valencia	S	19	66
Manchester	R	5	41	New York †	S	-4	25	S'Francisco †	S	12	54	Vancouver †	Fg	5	41
Melbourne	S	30	86	Nice	F	13	55	Seoul	S	13	55	Venice	C	9	48
Mexico City		–	–	Nicosia	S	18	64	Singapore	F	31	88	Vienna	F	10	50
Miami †	C	15	[illegible]	Oporto	S	[illegible]	57	Stockholm	F	4	39	Warsaw	R	8	46
Milan	F	12	54	Oslo	F	4	39	Strasbourg	R	10	50	Washington †	S	-3	27
Montreal †	S	[illegible]	3	Paris	R	11	52	Sydney	F	24	75	Wellington	S	16	61
Moscow	C	2	36	Perth	C	26	79	Tangier	S	19	66	Zurich	C	7	45

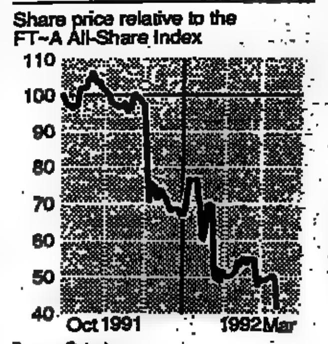
Temperatures at midday yesterday † Noon GMT temperatures C - Cloudy Dr - Drizzle F - Fair Fg - Fog H - Hail R - Rain S - Sunny Sl - Sleet Sn - Snow T - Thunder

THE LEX COLUMN

The Budget burden for equities

FT-SE Index: 2,476.0 (-17.3)

Lonrho



Source: Datastream

With attention focused on the election, it is easy to forget that the Budget carried a message of lasting change in the fundamental background for equities. The public sector borrowing requirement will be much higher than originally expected, not only in 1992-93 but for several years to come. The chancellor admitted that it would still be 3¼ per cent of gross domestic product two years hence. Even that assumption is made on the optimistic basis that real growth will then be running at 3½ per cent. The sum total is a burden for the capital markets, which will necessitate a substantial shift of investment funds from equities into gilts.

Ultimately this requires an increase in the real yield on gilts. That should happen naturally as inflation declines, however. So, assuming that the election result does not increase the risk of devaluation, the impact on actual prices may be more limited than the market currently fears. Eventually gilt yields would look particularly attractive compared with equities, especially since low cover ratios mean dividend growth is likely to be restrained for several years. At the very least the chances are that equities will respond more sluggishly than usual to economic upturn. The government's heavy financing programme may also make the equity market less receptive to rights issues, whether for balance sheet or acquisition purposes.

Some might take comfort from the thought that this has been discounted in the steep falls since the Budget. In fact, the FT-SE is down by only just over 2 per cent over the week as a whole and is still more than 130 points above last December's low. If the weekend polls bring a fresh bout of political nerves, the market may have further to fall.

Lonrho

There was an air of finality about yesterday's 17 per cent fall in Lonrho's shares. When in a single day the market can find five separate reasons for selling, chief among them the belated realisation that the group derived 31 per cent of 1991 pre-tax profits from South Africa, investors are scarcely going to argue. Something dramatic is required if Lonrho is to find a way back.

Mr Rowland's problem is that the time for a grand gesture was several months ago. He has long needed a large disposal or two to reduce the present £1bn debt mountain to manageable proportions for Lonrho's chronically weak cash flow. An unsolicited sub-investment grade rating on the debt was not designed to reassure the market. Yesterday's £45m sale of a few UK newspapers, although it realised a healthy profit, represents enough to cover the final dividend and leave some change. Equally, if Lonrho succeeds in its efforts to extract a cash payment from Volkswagen for the early termination of its VAG motor distribution franchise, the likely sum will be insignificant.

At its present market capitalisation of a mere £620m, a takeover might be the obvious solution for investors, assuming Mr Rowland would ever agree to bow out. Such is the difficulty of valuing Lonrho's assets, however, that even a bold raider might hesitate. Take the leisure division, which last year generated pre-interest profits of £25m on stated gross assets of £914m. Assuming a 30 per cent tax rate and ignoring any debt, Lonrho is valuing the assets at 52 times their cash flow. Either that is too high, or the assets are seriously unproductive. But that sums up the market's dilemma. Only Mr Rowland knows their true worth, and he is still not telling.

Lex Service

The trend for car manufacturers to grab back the rights to distribute their products has been accelerating of late. Yesterday's blow from Volvo to Lex Service was a reminder that distributors can be left dangerously exposed. Only Inchcape, through its joint venture with Toyota, seems to have found a way round the problem. Lex's £100m settlement looks generous until one considers that in a depressed 1990 the Volvo business contributed three quarters of its £42m operating profits. Given the dire state of the UK car market, Volvo has shown a shrewd sense of timing. Lex may be temporarily cash rich, but there is no hiding the severity of its other trading difficulties. Investors wondering what it will do with the money are doubtless aware of its peculiarly undistinguished history of diversification. This time, they might prefer to demand the cash for themselves.

South Africa

It has been a rough old year for overseas salesmen of South African shares. Quite apart from the darkening shadow of next week's referendum, the gold price has been flat on its back and the industrial economy is in deep, probably deepening, recession. If that were not bad enough, growth, when it returns, is likely to be stunted by drought and double digit inflation.

It is impossible to exaggerate the impact a "no" vote next Tuesday would have on foreign investor sentiment. Any kind of "yes" vote, however slim the majority, would no doubt be greeted by an immediate bounce in prices but a sustained advance will require the clear interest being shown in South Africa of late to be translated into firm buying action. It would be unwise to count on it.

The risk for the outsider is not so much the share markets themselves, which regularly vie for the low turnover prize in world stock markets, and which are underpinned by locals with nowhere to go. Notwithstanding a flood of recent rights issues, the Golds and Industrial sectors have actually managed a 5 per cent gain since January 1. The problem is rather the gyrating investment currency, the financial rand, which has plunged 18 per cent against the US dollar since the start of this year. Downward pressure, provoked in part by German and Swiss profit-taking on their sizeable portfolios of government bonds, is compounded by wide dealing spreads and restrictions on Reserve Bank intervention. Managed gold funds, with an estimated 20 per cent of their $5bn of worldwide assets in South Africa, have also been selling in the last year to meet heavy redemptions. Political risks aside, it could take a turnaround in precious metal prices to stem the general tide.

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Admiral
Duke

Weekend FT

SECTION II

Weekend March 14/March 15 1992

Budget View/**Barry Riley**

Gilts need a manifesto

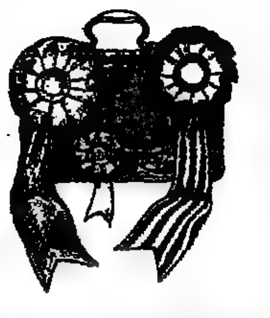
WHAT HAS has been the most significant development in the British economy over the past year? Most people would probably say the 2¼ per cent fall in national income. For Norman Lamont in his Budget speech on Tuesday, however, it was the sharp and sustained reduction in inflation.

I would not mock this judgment, selective though it may have been. Low inflation, when it is achieved, tends to be taken for granted. But it has to be fought for, and sacrifices must be made. During the coming election campaign there will be many promises of kick-starts and recovery engines, but few convincing pledges by the politicians that honest money will always come first. It is just as well that the stuffy *Bundesbank* stands ultimately at the centre of the European Monetary System.

Of course, inflation itself does not at present seem to be a problem while the economy is so depressed. You still have to be worried that average pay continues to rise as rapidly as 7¼ per cent, with the public sector taking the lead – as it often does at this stage of the economic and political cycle, before a new government is forced to bring the public sector's finances back under control. But harsh reality over pay prospects will eventually sink in.

The worry is in these depressed conditions that, nevertheless, the seeds can be sown of renewed inflation. Nigel Lawson fatally relaxed monetary policy in 1985. But now the British government has largely let go the reins of monetary policy by hooking sterling up to the Continental currencies.

So six long, recessionary *months* have passed since sterling short-term interest rates last fell. Because of the tradition that *politicians entirely keep their hands off* interest rates during an election campaign there must – barring huge pressures on *the sterling exchange rate* – be at *least* another month with base rates at 10½ per cent. Government supporters are disap*pointed that Norman Lamont has not* been able to throw a half-point cut into the pre-election pot: the realisation that this would not after all happen this week was an important factor behind the stock market's 50-point fall on Wednesday.



But there is *another* way of looking at interest rates, in real terms. On that *basis, rates have* actually been rising. When short-term rates hit 10½ per cent in September the headline inflation rate was 4.7 per cent. Now it is 4.1 per cent, and it may not be *much more* than 3 *per cent over* the next year. With a real interest rate of 7 per cent-plus to encourage savers and dismay borrowers *it is not surprising* that Norman Lamont's economic recovery is forever just around the corner.

In theory a better idea of real interest rates and inflationary expectations over the longer run can be gleaned from the government bond market, which has this week looked groggy as investors have *gulped at the future* borrowing requirements.

The inflation-proofed *real return available on* index-linked gilts is about 4.4 per cent, but the corresponding fixed interest yield is 9.5 *per cent. By implication the market is* anticipating inflation in the long term of just over 5 per cent a year.

At the time of the last Budget the figure was 6 per cent, and a year before that 7.5 per cent, so there is steady progress. Yet the market is still far from being convinced that the UK will enter the promised land of 2 to 3 per cent inflation forecast for the mid-1990s in the Treasury's annual Red Book of economic magic.

If that target is reached, gilts yielding 9.5 per cent will turn out to be tremendous bargains. Not only will you start with juicy real returns but you can expect to *make substantial capital gains* – say, 25 per cent on a 15-year gilt – as nominal yields sink to between 6 and 7 per cent *over the next few years.*

You might expect a total return of 15 per cent a year over the next four or five *years, surely a more attractive prospect* than for equities, which have returned 12 per cent a year on average since 1987.

But is it believable? Government securities that are highly profitable for investors must be very expensive for governments (or more accurately, for taxpayers). Moreover, it will be odd if *wealthy savers* are *able* to prosper in a depressed economy.

If a Labour government were in power then there certainly would be attempts to claw the abnormal investment returns *back through taxation. More cynically one* would say that a government with a big borrowing requirement has a vested interest in *inflation*. Borrowing, *as we saw* in Lamont's Budget, is an easy way out for a beleaguered finance minister.

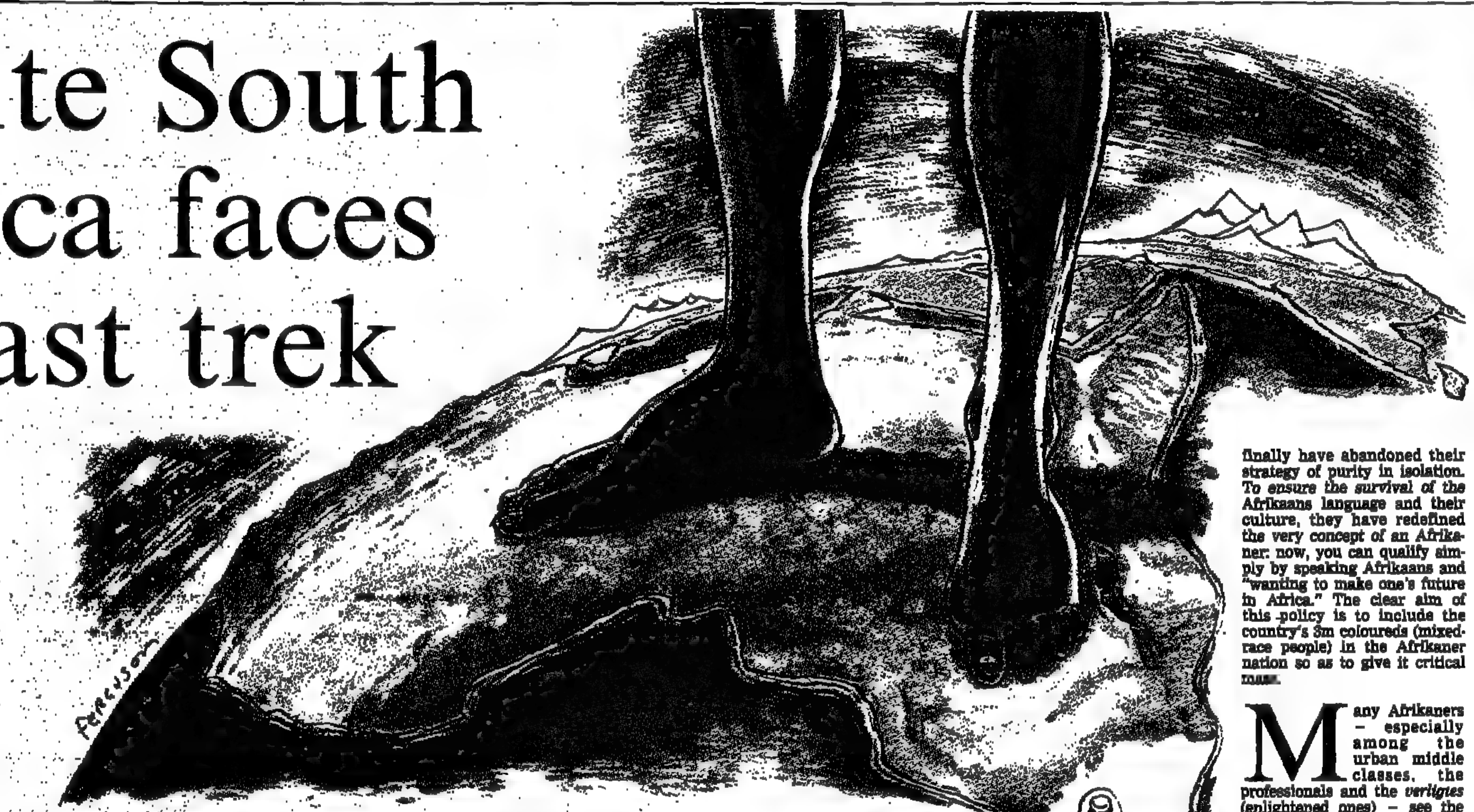
In 1990 John Major saw inflation running out of control, destroying the Tories' election chances. Joining the exchange rate mechanism seemed the only way to get inflation down quickly, and it has worked *impeccably. Unfortunately,* with a series of possible election dates coming up, it was never possible to warn *the country candidly of the cost.*

Norman Lamont's sense of priorities is valid but, as we may discover on April 9, a few million others may with equal validity beg to differ.

■ *The Budget and You, Pages II to VII.*

White South Africa faces its last trek

On Tuesday, whites vote in a referendum on political reform that could lead, after 350 years, to rule for the black majority. ***Patti Waldmeir*** *assesses the mood*



"THE HISTORY of the Afrikaner reveals a will and a determination which makes one feel that Afrikanerdom is not the work of men but the creation of God."

– Daniel Malan, **South Africa's first National Party prime minister**

With this grand vision of the Afrikaners as a chosen people in a promised land, Malan ushered in the era of apartheid which has so twisted the psyche of all who live at this tortured tip of Africa. Now, apartheid is shuddering to an end and Afrikaners must face something that many find too ghastly to contemplate: the triumph of black Africa.

For 350 years, they have *fought to keep Africa at bay*. They have believed the Afrikaner tribe would perish unless it had total domination. Apartheid was to have been the Afrikaner's saviour – but it has failed him.

On Tuesday, whites will be asked to make the final leap into a multi-racial future when they vote in a referendum on political reform. Beset by all the old, atavistic fears of the black man, and more modern worries over economic decline, the Afrikaner is setting out on his last great trek. Where will it lead? "Not to isolation this time, but to find a real home in the new South Africa, a true fatherland at last," says Afrikaner historian Professor F.A. van Jaarsveld. "A trek to *accepting changed* values. A trek to accepting the inevitable."

Tuesday's vote will tell if a majority of the 3.5m Afrikaners are resigned to such a trek. Clearly, many are *not, for* throughout the South African *platteland* – the deeply-conservative home of the rural *Afrikaner* – the prejudice of centuries dies hard. Spurred-on by a blend of arrogance *and fear* which seems peculiarly Afrikaans, the dour farmers of the *platteland* still shock the foreign visitor with their bigotry. I cannot count the times I have been told – by God-fearing Afrikaner men and women throughout South Africa – that blacks smell; that they cannot be trusted; that they are unreliable drunkards with no inclination to work or save; and that they are not really human.

Afrikaners challenge the self-righteous foreigner with *the claim that* economic apartheid exists in every country; they believe South Africa's only fault was to make it law. But such aggression reveals, as well, a dark fear of being swamped by Africa; of being forced to go against the divine will as interpreted by generations of Afrikaans pastors – that God created the races to *remain* separate and mixing them is against both nature and religion.

"If you're taught something all your life and then you're told it's a sin, it makes life very scary," says *Dina Cronje*, 57. Seated at a rough table in her farmhouse kitchen near Warmbaths, in the heat and dust of the northern Transvaal, she is outraged that the Dutch Reformed Church – the main Afrikaner church – has branded apartheid a sin and that some church leaders have apologised for it. "I've never done anything to blacks, so why should I apologise?" she asks.

In her *platteland* community – where the cars are recent models but the dresses and hair-styles would have been stylish in the 1960s – almost everyone still believes that the Bible ordained apartheid. Cronje's neighbour, Herculas Venter, 78, offers to prove this from the copy kept near at hand in his sitting room. The argument focuses on Old Tes*tament* texts which demand apartheid between the children of Israel and other heathen nations.

For years, the Dutch Reformed Church (known, dis*paragingly, as* the "National Party at prayer") distorted the Bible shamelessly to give apartheid a *theological basis*. Since 1986 – when, miraculously, the church re-discovered Christ's instruction: "Do unto others as you would have them do unto you," and branded apartheid a sin – its leaders have fought to persuade their parishoners of the need *for* change. They have made little headway in Warmbaths.

Cronje and her neighbours do not believe apartheid was wrong: it just did not work. Its aim, they argue, was not to oppress the black man. In the words of Afrikaner theologian Dr Carel Boshoff: "(Apartheid) *was a serious and honest effort* to liberate the black nations." Put more crudely, whites *believed blacks had* to be segregated in separate tribal homelands to stop them tearing out each other's throats. Many whites still do; they predict civil war in the new South Africa, not between white and black but between tribes of Africans.

Tannie (Aunt) Lettie Swart is convinced of it. When I knocked at her screened back door, Tannie Lettie – like any 19th century Voortrekker wife – was baking rusks in an old wood-burning stove. Scarcely had I stepped through the door before she let me know that two of her aunts and her grandmother had been interned in British concentration camps during the Anglo-Boer war, and that the farm where we stood had been destroyed in the fighting.

Stooped and bent at 75, Tannie Lettie's voice is faint with age. But her opinions are forthright. "The white people worked *so* hard, since van Riebeeck's time [Jan van Riebeeck, the first European settler]. *Nothing was done* by the blacks. In the past four centuries, the whites are responsible *for* all the growth: now, the blacks want to take it from us."

Her neighbour Bucks Viljoen, 52, could not agree more. When I drew up outside his tiny bungalow on a smallholding near Warmbaths, he was sweating in the midday sun – along with his wife, Katerina, and mother, Anna Maria – to build an *ice-house* to *store* the farm's slaughtered meat.

He wants to be self-sufficient and never uses black labour. But this means that Anna Maria, 73, and Katerina, 46, have to help with the farm work. They are a portrait of *the poor white family*. Anna Maria's face is like cured leather from the sun; she wears a *crushed hat and old* trousers. Katerina is plump and shapeless and looks after the four-year-old son of an unmarried daughter.

The Viljoens demonstrate one of the abiding mysteries of Afrikaner psychology: how, in the words of novelist Alan Paton, "a nationalist can observe the highest standards of behaviour towards his own kind, but can observe an entirely different standard towards others." Allister Sparks, an historian and journalist, spells-out this paradox further in his book *The Mind of South Africa*: "Piety co-exists with cruelty, prayerfulness with an aggressive militarism, a yearning to be understood and to be loved with a national *bellicosity* and an *impulse* to tell the rest of the world to go to hell."

Bucks Viljoen embodies all these contradictions: polite to me at all times, he is shock*ingly crude* in his attitude to blacks ("the 'munt' is still half-wild," he told me, promising to "shoot me a *coupla kaffirs*"). He is a Christian but bars "munts" from his church.

Viljpoen is an extreme case of the *platteland* racist. But even among the more enlightened *platteland* Afrikaners – and there are many who support political reform, either by conviction or because they are resigned to it as inevitable – the fear remains that Afrikaans culture will be swamped by the very different values *and practices of Africa* and that Afrikaners will become, once again, a subjugated nation in their land.

Afrikaner leaders always have taught that a pure white race could not survive without a privileged position. As van Jaarsveld *explains*: "*Apartheid* was designed for the protection of the Afrikaner. Throughout the 20th *century*, *he felt threat*ened by the British – there was always the memory of the Anglo-Boer war. "Then, after the [second world] war, Afrikaners were worried about the urbanisation of blacks. Apartheid was meant to protect Afrikaners against the English, and against the rise of the black man."

Throughout the *platteland*, Afrikaners recount the struggle against the cultural and linguistic dominance of English. "The Afrikaner, over the years, had to fight like hell to maintain his language against English influence," says De Wet Nel, a retired lawyer in the Karoo town of Carnarvon. "You could read decent books only in English when I was young – there was very limited reading matter available for Afrikaans-speaking people. So it [the Afrikaans language] has had a hard struggle to get where it is today."

But Andries Botha, a liberal farmer in arch-conservative territory in the Orange Free State, points out that the battle has left deep scars as Afrikaners have forced other groups to speak their language. "The Nationalists made Afrikaans extremely unpopular and unpalatable to the rest of the population," he says.

Now, *Nationalist leaders are* fighting a rearguard action to get Afrikaans – a creole of *Dutch, French, English, Malay* and African words – accepted as an official language in the new South Africa. They argue that 13.3m South Africans understand and speak it – 1m more than speak English – and that 5.5m to 6m regard it as their mother tongue, making it the third largest home language after Zulu and Xhosa.

Leading *Nationalist* institutions such as the the Dutch Reformed Church and the Broederbond (the Afrikaner secret society which directs much National Party policy) finally have abandoned their strategy of purity in isolation. *To ensure the survival of the* Afrikaans language and their culture, they have redefined the very *concept of* an Afrikaner: now, you can qualify simply by speaking Afrikaans and "wanting to make one's future in Africa." The clear aim of this policy is to include the country's 3m coloureds (mixed-race people) in the Afrikaner nation so as to give it critical mass.

Many Afrikaners – especially among the urban middle classes, the professionals and the *verligtes* (enlightened ones) – see the threat of Africa as more economic than cultural. They fear *expropriation by a black gov*ernment, and the economic mismanagement which has turned much of the *rest of* Africa into a wasteland. De Wet Nel points out that 40 years of apartheid have left blacks ill-educated and unused to responsibility.

The view on the *platteland* – or in the working class suburbs of any major city – *is* more emotional, though. Kobus Botha, a lawyer in the Orange Free State town of Viljoenskroon, gives the apocalyptic view of the future. "If things end up the way they're heading now, the Afrikaner will be wiped out. The white nation in South Africa will be . . . split up and chased all over the world and this country will become just one more battlefield in Africa."

Afrikaners are, more than at any time in history, divided over their future. Boshoff says: "Some want to enter the new South Africa purely on merit, without guarantees for their values and culture; then another group wants to take *part, but with safeguards* on language and education." The third group, for which Boshoff *speaks, does not want to join* the new South Africa at all; it has founded a separate white state, called Orania, in the northern Cape.

Tuesday's vote will tell whether the majority of Afrikaners have resigned themselves *to life as* an ethnic minority ruled, if not dominated, by blacks. On the *platteland*, though, change will be slow to come – either way. As Tannie Lettie steps into her dusty yard, taking the freshly-baked rusks to an outdoor clay oven for drying, she is far from optimistic. "I believe in the will of God, but it's hard. We can try *to live together, but I don't* think it will ever be good or pleasant. They are so DIFFERENT *from us." She shakes her* head, sadly. "Sometimes, I think there's going to be a war."

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FINANCE AND THE FAMILY

THE BUDGET AND YOU

The fund managers' view

Looking beyond the horizon

THE announcement of the election, and investors' views on some of the economic figures revealed in the Budget, have caused UK equity and gilt markets to fall this week.

After 13 years of Conservative government, investors are nervous about the consequences of a change. But what will happen over the course of the election campaign, and the year ahead? To find out, *Weekend FT* writers asked fund managers for their views on the prospects for markets.

Most managers are sanguine about share and bond prices, whatever the political shade of the next government. Dick Barfield, chief investment manager at Standard Life, thinks the gilt and equity markets will be volatile in the weeks up to the election and governed by swings in the polls. But he is optimistic over the longer term. "In 12 months, there should not be too much difference in the level of the markets under either government."

Barfield thinks the level of inflation will have a greater effect on gilts and the stock market than the political complexion of the next government. Inflation is under good control and will come down further", he says. "We see the equity market standing at around 2850 in a year's time and the yield on gilts about ½ or ¾ of a percentage point lower than at the moment."

Simon Walters, investment director at Save & Prosper, thinks the gilts market has already absorbed the bad news about the £28bn Public Sector Borrowing Requirement and knows that Labour will be constrained by the UK's entry into the Exchange Rate Mechanism.

For these reasons, the outlook for gilts in a year's time should not be very different whichever government is in power. Their performance is likely to depend by the end of the year on forecasts for the 1993/94 PSBR which might be as high as £40bn. However, with inflation falling to about 3.5 per cent by this time next year, Walters sees the yield on 10 year government bonds in March 1993 at 8¾ per cent.

The performance of equities, however, will be dependent on the outcome of the election. A hung parliament would mean uncertainty which would be bad for markets. And if Labour wins a working majority, the FT-SE 100 Index is likely to fall to about 2350 or 2400, Walters says.

However, he sees a limit to the falls because the signs of economic recovery will be showing through. The index could stand at around 2850 or 3900 in year, but those levels could be reached by September should the Conservatives be elected with a working majority, he thinks.

Kenneth Levy, investment director at Capel-Cure Myers, said: "You've got to look not so much at the election as at what preceded it. Base rate cuts are not so likely now, and the same applies for base rates outside this country. The budget was probably less than inspiring, so the short-term outlook must be pretty cautious."

Michael Lenhoff, portfolio strategist with CCM, said that the group has moved slightly further into cash, as a purely defensive measure for the election period. Longer term, Lenhoff makes clear that the group is optimistic: "In the US the recovery is under way, and recovery in the UK is not that far down the road. We will see corporate profit growth come through regardless of which party wins."

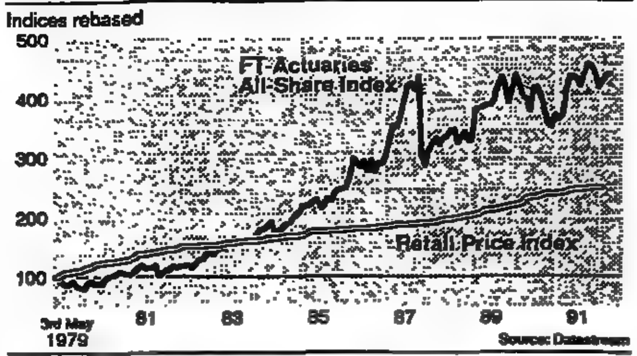
Nils Taube, chairman of J Rothschild Investment Management, says: "My feeling is that if the Labour party goes into a lead in the opinion polls and the market goes down, it could be a buying opportunity. The economy is on the turn."

Michael Hart, joint manager of the Foreign & Colonial Investment Trust, believes that a year ahead, German interest rates should have come down a notch or so, and there are more signs of economic recovery in the US. Hart expects that the market to do better under the Conservatives, although he sees the main damage from Labour resulting from the long term effect of its personal taxation plans.

He sees 2700-2800 a possible target for the FT-SE 100 Index over the year, with gilts having a scope to be a little more cheerful than at present.

While the eyes of the nation will be glued to the democratic circus over the next month, fund managers seem to have their eye on the long term.

Shares under the Tories



BUDGET AT A GLANCE

MEASURES IN THE FINANCE ACT

- A new lower rate of income tax of 20 pence in the pound on the first £2,000 of taxable income.
- Basic rate and higher rate taxes unchanged at 25 and 40 per cent respectively. The threshold for higher rate tax is unchanged at £23,700 of taxable income.
- The married couple's allowance will be frozen this year.
- Ceiling on mortgage tax relief unchanged at £30,000, but will be applied at 25 per cent throughout despite the new 20p rate.
- Cigarettes up 13p on packet of 20, 1p on pint of beer, 5p on bottle of wine, 28p on bottle of spirits
- Duty on unleaded petrol up 4.5 per cent, and on leaded petrol 7.5 per cent
- Rate of car tax halved from 10 per cent to 5 per cent.
- Vehicle excise duty raised by £10 to £110
- Betting duty cut from 8 per cent to 7.75 per cent

MEASURES ENACTED BY ORDERS

- Single person's allowance increased, with inflation, from £3,295 to £3,445.
- Personal allowance for those aged between 65-74 will rise from £4,020 to £4,200
- Married couple's allowance for those aged between 65-74 will rise from £2,355 to £2,465
- Personal allowance for those aged 75 and over will rise from £4,180 to £4,370.
- Married couple's allowance for those aged 75 and over will rise from £2,395 to £2,505
- Income limit for age-related allowances will rise from £13,500 to £14,200
- Single pensioners on income support will get an extra £2 per week and married couples an extra £3 a week from October.
- Pensions cap will rise from £71,400 to £75,000
- The capital gains tax threshold will rise in line with inflation from £5,500 to £5,800.
- The inheritance tax threshold will rise by inflation, from £140,000 to £147,000.
- The annual limit on unit and investment trust Personal Equity Plans (Peps) will be raised from £3,000 to £6,000.
- Scale benefit charges on company cars and fuel to be increased by 4.5 per cent
- The VAT charge levied when firms offer employees a choice between a car or extra salary will be scrapped.

MEASURES WHICH WILL OCCUR IF CONSERVATIVES ARE RE-ELECTED

- The threshold for inheritance tax will rise by more than inflation to £150,000.
- The married couple's allowance will be able to be paid directly to the wife, or shared equally, from April 1993.
- Owner-occupied farmlands, farm tenancies, interests in un-incorporated businesses, and holdings of over 25 per cent in unquoted and USM companies will be exempt from inheritance tax. Relief from inheritance tax at 50 per cent will apply to controlling holdings in fully quoted companies, holdings of under 25 per cent in unquoted and USM companies, interests of landlords in let farmlands and certain other business assets.
- The rules on mortgage rescue schemes using the business expansion scheme will be eased, and the BES for trading companies will be scrapped from the end of 1993.
- Minimum charitable gift eligible for gift aid relief will be lowered to £400, not £600
- The capital allowance limit on business cars will be raised from £8,000 to £12,000
- A move to company car tax scales based on the price of the car rather than engine size will be considered.
- A new lower scale charge for diesel fuel used in company cars will be introduced.
- The Budget may have been one of the last in the traditional style. From December 1993, the Conservatives plan to bring tax and expenditure decisions together and announce them in a December Budget.

Serious Money

Tiny Tim stands in for Pavarotti

by Philip Coggan, Personal Finance Editor

ACCOUNTANTS, financial services companies and journalists seize upon the Budget with glee every year. It gives them respectively a chance to show off their expertise, an opportunity for a sale and something to write about.

The poor consumer is less convinced. He gets swamped with confusing detail, and usually finds himself little better off at the end of it.

This year, the hype before the Budget was bigger than ever. According to the media, chancellor Norman Lamont was going to put on a show to win the conservatives the election. The consumer was entitled to expect Pavarotti. He got Tiny Tim.

Lamont had much less in tax cuts to give away than expected, and with an election imminent, he had no time to introduce complex legislation. Indeed some of the changes he announced did not make it into the shortened Finance Act which was rushed through Parliament yesterday. Some can be implemented by orders; others will have to wait and may never re-appear.

The changes to inheritance tax, which will exempt farmers and many small business owners, will have to await a new Conservative government, if there is one. The IHT threshold will not go up to £150,000, as he announced, but to £147,000, pending John Major's return to Number 10.

The Business Expansion Scheme now knows its fate, but not the time of its execution. Norman Lamont will kill it off at the end of 1993, Labour probably earlier.

At least the change to PEPs has gone through, a move universally seen as a "good thing". A full £6,000 can now be invested in either a unit or investment trust PEP. Plans can now be simpler, cheaper and offer a better spread of risk to investors; indeed the change is so beneficial, one must ask why on earth the government did not introduce it before.

But most consumers and investors will judge the Budget by its personal tax proposals. Here the centrepiece was the introduction of the new 20 per cent band of tax on the first £2,000 of income.

This certainly seemed to catch the Labour party on the hop, although it had been astutely predicted by Price Waterhouse (as reported in the Finance & the Family pages three weeks ago).

Labour has been forced to vote against the change, and promise to repeal it. That has put the party in the position of opposing a measure that will benefit the lower paid.

'The probabilities now start to favour a hung parliament'

Any reduction in tax is going to be good news for the low paid, or elderly investors who are surviving on a modest pension and savings.

But the new band, which will reduce individual tax bills by £100 per year, has not exactly provoked nationwide celebrations. Even with the indexation of the single person's allowance (which the Chancellor is virtually obliged to announce), a basic rate taxpayer will only be £137.50 a year better off. And that is a benefit that will only accrue in 12, and in some cases 52 instalments. It hardly seems enough to "kick start" the economy.

Nor does it look, so far, like the master stroke which will ensure that the Conservatives will win the election. In recent electoral history, governments have very rarely made progress in the course of elections.

Given that Labour's lead is so narrow, the probabilities now start to favour a hung parliament. That means more uncertainty for individual investors.

However, one aspect of the Budget which might bring a benefit to savers (although not mortgage borrowers) is that the foreign exchange markets were completely unimpressed. The pound still languishes at the bottom of the Exchange Rate Mechanism and that seems likely to rule out a cut in interest rates before the election.

If there is a hung Parliament, or a Labour victory, interest rates could even rise in the short term, in order to defend the pound. That could be an opportunity for investors to lock in to temporarily high returns, perhaps via the new National Savings issue in July.

Norman Lamont is forecasting a fall in inflation to 3 per cent next year. So if the new National Savings issue is over 10 per cent, a basic rate payer would be getting a net real return of 4.5 per cent, comparable with the index-linked certificates, but with access after a year.

Index-linked will still be a good hedge, for those who can wait for five years, since inflation may well rise in the mid-1990s, as the effect of the government's Budget deficit starts to work through.

And for higher rate taxpayers, the offer of 8.5 per cent tax-free on savings certificates is still there. Under Labour's tax regime, they will look even more attractive.

London Markets

Investors search for a pallid flicker of flame amid the gloom

By Peter Martin, Financial Editor

As I sat opposite the Treasury bench, the ministers reminded me of one of those marine landscapes on the coasts of South America. You behold a range of exhausted volcanoes; not a flame flickers on a single pallid crest, but the situation is still dangerous. There are occasional earthquakes, and ever and anon the dark rumbling of the sea.

Benjamin Disraeli

WE cannot expect rhetoric of that quality in this election campaign – they just do not make sound-bites like that any more. None the less, a ghostly echo of that famous condemnation has lurked unbidden in the stock market's subconscious all week. On the face of it, nothing could be less like an exhausted volcano than John Major's irrepressible grin this past week, or the eager efficiency with which the Conservative party machine is gearing up for the campaign.

Yet the markets are worried, as their deterioration since Norman Lamont's Budget, shown in the charts, reflects. On balance, the brokers' analysts who commented on the Budget seemed to feel that it was, at best, one of Disraeli's dark rumblings. A handful of headlines from the flood of post-budget reports illustrates the point: "Lacklustre UK Budget increases risk of 'hung' parliament," says Chase Manhattan. "Too honest by half?" asks NatWest. "No kick start for the Tories," says Goldman Sachs. "A timorous wee beastie," says Robert Fleming. Comments from some of the more heavy-weight houses – S.G. Warburg, James Capel, BZW – are more favourable, praising Mr Lamont for making the best of a bad job. But they still stress the economic difficulties ahead.

The tone of the market comments reflects a two-fold disappointment with the Budget: that the £28bn public sector borrowing requirement for 1992-93 is higher than expected, and that it does not represent the sort of Budget giveaway that can be guaranteed to win the election for the Conservatives. This double whammy has pushed long term interest rates up sharply and left equities weak – though stock market volume is low, indicating that there has been no panicky rush to sell. The FT-SE index, which dropped 52 points the day after the budget and 29 points the day after that, closed the week at 2476.0, a drop of 77 points on the week.

The market appears to have started to discount the possibility of a Labour win – or at least of a Conservative defeat. Evidence for this comes in the shape of the FT Election Share Index, designed to track market reactions to the likely consequences of a change of government. It consists of ten stocks which might outperform in the event of Neil Kinnock's arrival in Downing St or John Major's departure; and another ten stocks which stand to be relative beneficiaries from a Conservative victory and the removal of the threat of a Labour government.

The index will be published each day from Tuesday on the FT's election news pages. It is as much an aid to thought as a serious stock market index, and is constructed on the same basis as the FT 30-share Ordinary index – which makes it highly sensitive to day-to-day share price movements and unsuitable for long-term performance measurement.

The base for the index is the closing prices of the day the election was announced, Wednesday March 12. Both the "Labour gainers" and the "Conservative gainers" sections of the index are set to 100 at that date. On the next day, Thursday, the Labour gainers dropped by 1.2 per cent – in line with the market as a whole – and the Conservative gainers dropped by 2.3 per cent, nearly twice as far. The Labour gainers closed on Friday at 98.7, with the Conservative gainers at 97.4.

A similar trend – outperformance by the Labour gainers – is evident since the beginning of the year, as the election has drawn closer and the opinion polls have reflected a Labour lead. Between January 2 and the day the election was announced, the Labour gainers rose 3.3 per cent and the Conservative gainers rose only 1.3 per cent.

The composition of the index represents some common themes among investment analysts as they try to work out the impact of the election. Because the Conservatives have been in power for 13 years, the list inevitably revolves around the advantages and disadvantages of Labour's policies.

Companies which analysts reckon might gain, relative to other UK shares at any rate, from a Labour government include those which derive most of their profits from overseas and are thus impervious to domestic political upsets; companies in Labour's favoured manufacturing sector; and companies that might benefit from higher infrastructure spending. There is also a pools promoter, Zetters, which might gain if the Conservative threat to introduce a national lottery were lifted; and the biggest, staidest of property companies, Land Securities, which would see the value of its existing holdings rise if Labour adopted more restrictive planning policies.

Analysts reckon that gainers from a renewed Conservative mandate are those companies that would benefit from the removal of the threat posed by individual Labour policies. The policies Labour is pledged to introduce will not be known for sure until the manifesto is published next week, but they are likely to include de-privatisation of water, tighter utility regulation, a minimum wage, discouragement of corporate takeovers and stronger consumer-protection rules on life insurance.

If the index works properly, it will track the equity market's view of the way the campaign is going. Another sensitive indicator is the FT-SE futures contract, which on Friday was stuck at a persistent discount to the cash market. This happens from time to time, but a discount throughout the day is unusual. On Friday, it reflected the difficulty a few big houses were having in unwinding long positions in the future. Whenever rumours circulated that the holders were trying to sell the FT-SE future, market-makers marked down the underlying shares, leaving the two markets leap-frogging each other downwards.

This is one of the mechanisms that pushes prices down without a lot of volume. It leaves the market very vulnerable if a wave of real selling materialises and also exposes it to rumours of good or bad opinion-poll results. These have become a standard feature of election campaigns, and this time they have started unusually early. There will be a lot of telescopes in use over the next three weeks, as the markets attempt to discover whether the Tory volcanoes are exhausted – or still very much alive.

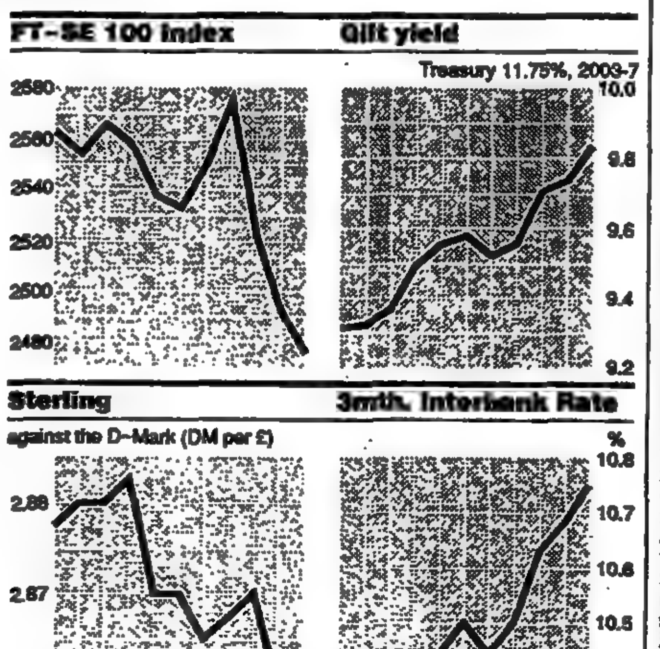
FT ELECTION SHARE INDEX

Labour win/Tory defeat stocks

1. BAT – profits mostly overseas
2. ICI – ditto, plus kingpin of favoured manufacturing sector
3. Blue Circle – infrastructure spending
4. Taylor Woodrow – infrastructure spending
5. BICC – infrastructure spending
6. GEC – ditto, plus good at dealing with govts
7. APV – capital goods, at core of mfring
8. Rolls-Royce – ditto, plus better chances of subsidy
9. Zetters – Tory lottery threat to pools
10. Land Securities – gains from tighter Lab planning policy

Tory win/Labour defeat stocks

1. Courtaulds Textiles – Lab poses minimum wage threat
2. BET – minimum wage
3. Hanson – Lab threatens curbs on UK takeovers
4. S.G. Warburg – ditto, hitting corporate finance revenues
5. Thames Water – Lab renationalisation threat
6. BT – Lab regln, plus insistence on fibre optic network
7. National Power – Lab regln
8. Prudential – Lab life insurance regulation
9. Forte – Lab minimum wage
10. Whitbread – minimum wage, brewers' tradl links to Tories



Wall Street

Bonds battle on the 8 per cent line

FORGET Super Tuesday. Wall Street's number one concern over the past week has not been the battle for the south in Tuesday's presidential primary race, but a rather more mundane tussle in the bond market. Call it the battle of 8 per cent.

First, a little background: two big factors underpinned the sharp run up in US share prices which occurred around the turn of the year.

One was falling short-term interest rates, which not only looked like helping an economic recovery, but also made shares seem a more attractive investment than many fixed income securities. The other was the belief that after last summer's false dawn, the economy really was on the mend.

However, for the past few weeks interest rates across the maturity spectrum have been edging up again, making stocks not quite so attractive in comparison. No-where has this been more dramatic than at the long-end of the Government bond market, where yields have remained stubbornly high, despite successive rounds of monetary easing by the Federal Reserve, and this week shot briefly through 8 per cent.

No one knows for sure just why long bond yields have remained so high when inflation is around 3.5 per cent and expected to fall further. But at least part of the reason is disbelief that inflation is really licked, and a fear that a combination of fiscal stimuli and an upswing in economic activity this year will set off another upward price spiral.

President Bush did little to ease those fears this week when he said he was "more concerned about stimulating the economy than pushing (interest) rates down."

That helped push long bond prices down on Wednesday and the following day they fell even more after the the publication of surprisingly robust retail sales figures for February. Analysts saw the figures as evidence that the economy is on the mend.

The result was to push the yield on the benchmark 30-year Treasury bond – which moves in the opposite direction to the bond's price – through the 8 per cent barrier for the first time since November, making fixed income securities even more attractive compared to stocks.

The yield dropped below 8 per cent again yesterday morning, thanks to an increase in producer prices during February that was more modest than expected. But the creeping upward advance of interest rates, and diminishing hopes of a further Fed easing, will continue to act as a powerful restraint on the stock markets.

Less clear is the extent to which equities will be able to balance its hopes of economic recovery, which would eventually boost corporate profits and dividends, against its concern over interest rates.

Certainly, this week's retail sales figures, when added to a raft of other mildly encouraging statistics, suggest that some sort of recovery is under way. But its momentum remains uncertain, and there are fears that it might yet be choked off by rising interest rates.

So far there have been relatively few signs from industrial America that a strong revival of activity is under way, although a survey of business executives published yesterday by the *New York Times* said almost half now said they saw some inkling of improvement.

But until the recovery signals turn much brighter, it is hard to see the Dow making much headway above its current trading range, with some risk that it could fall through its 3,200 floor if interest rates continue on their upward trend.

The Super-Tuesday primaries may have made little impact on Wall Street – given that President Bush won comfortable victories against right-winger Pat Buchanan – but a little local tussle in Detroit, Michigan, home of the motor industry, raised a few eyebrows.

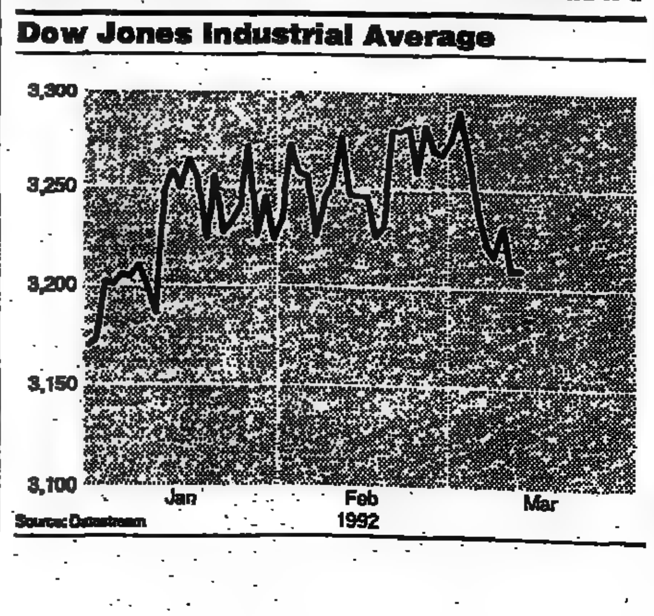
The directors of Chrysler, the financially strapped automobile manufacturer, seem to be having a problem choosing a successor to Lee Iacocca, the chairman who saved the company from near bankruptcy early in the 1980s but then sullied his reputation by ill-judged diversification.

Iacocca is due to retire at the end of this year, yet after months of deliberation the board has yet to name a replacement, much to the dissatisfaction of some of its major shareholders. The internal front-runner is Robert Lutz, a design and engineering expert, who has done much to restore the company's name for interesting vehicles.

But this week Robert Eaton, head of the highly profitable European operations at arch-rival General Motors, let slip that he had twice talked to Iacocca about joining Chrysler in some capacity.

Martin Dickson

Dow Jones Industrial Average



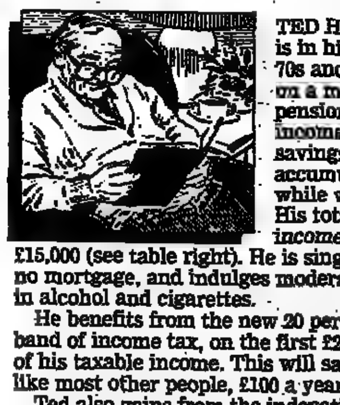
Monday	3215.12	– 6.48
Tuesday	3230.99	+ 15.87
Wednesday	3208.63	– 22.36
Thursday	3208.63	– ––

FINANCE AND THE FAMILY

THE BUDGET AND YOU

Lamont's winners and losers

How will the Budget affect you? To help answer the question, Philip Coggan and Scheherazade Daneshkhu asked Michael Bishopp and Clive Mackintosh, of accountancy group Price Waterhouse's executive & benefit services division, to produce the following case studies. They show how people will be affected by Norman Lamont's measures, many of which passed through the Commons yesterday. Some might be repealed if there is a Labour government, or a hung Parliament; others, such as the indexed age allowances, are likely to remain.



TED HARKER is in his early 70s and living on a modest pension, plus income from savings he accumulated while working. His total income is £15,000 (see table right). He is single, with no mortgage, and indulges moderately in alcohol and cigarettes.

He benefits from the new 20 per cent band of income tax, on the first £2,000 of his taxable income. This will save him, like most other people, £100 a year.

Ted also gains from the indexation of the age allowance. Those in the age band 65-74 receive an allowance of £4,200 in 1992-93, compared with £4,020 in 1991-92. However, Ted's allowance is reduced by £400, because his income is £800 more than the new £14,200 threshold for "clawback" of age allowance. Clawback reduces the allowance by £1 for every £2 income exceeds the threshold.

This still leaves Ted much better off than in 1991-92, when the level at which clawback started was £13,000, meaning that that he lost £1,000 of his allowance.

Compared with 1991-92, Ted saves £226 in tax. Even though he must pay an extra £17 a year (33p a week) in excise duty, he is still £209 a year (£4.02 a week) richer. His net income has risen by 1.8 per cent.

Had Ted earned £10,000 in total, his gains would have been reduced, because he would not have the benefit of the increase in the age allowance clawback threshold. His net gain would have been only £128 a year, or £2.46 a week.

Pensioners who abstain from alcohol and tobacco will obviously do better out of the Budget than Ted; those who consume more heavily will do worse. For full details of the changes in age allowances for single and married couples, see the table on Page II.

BEVERLEY Williams is a young, single woman earning £15,000 a year, and living in rented housing. She is a moderate drinker, and has the odd cigarette.

The Budget means that her income tax bill is reduced by £137.50 a year. She gains from the introduction of the 20 per cent band on the first £2,000 of her taxable income – a boost of £100 a year, or £1.92 a week. (See table right.)

A further reason for the cut in Beverley's tax bill is the increase in her personal allowance from £3,295 to £3,445. That lifts her income by another £37.50 a year, or 72p a week.

From April 5 she will also gain from a measure announced in the chancellor's Autumn Statement. The base at which she starts paying National Insurance contributions was increased from £52 a week to £54 a week. That reduces her NI bill by £8 a year (15p a week).

The only real bad news in the Budget for Beverley is that her vices will cost her more. Extra excise duty on alcohol and cigarettes will push up her expenditure by £17 a year, or 33p a week.

The net effect is to reduce Beverley's total outgoings by £128.50 a year, increasing her "free income" from £10,313 to £10,441.50, a net increase of 1.2 per cent. She is £2.47 per week better off.

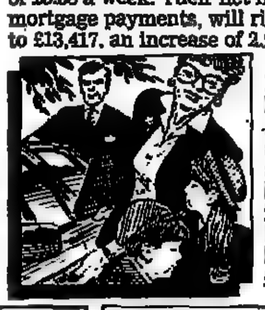
DAVID Wallace and Caroline Campbell live in a house they bought together in 1989. They have a £50,000 mortgage, of which interest on the first £30,000 is subject to relief under MIRAS. They both work for a building society, earning £12,500 a year apiece.

David and Caroline are health conscious, and do not drink or smoke, and so gain most from the Budget changes. Each prospers from the introduction of the 20 per cent band, which saves the pair £200 a year in tax, and from the increase in the single person's allowance, which benefits the couple to the tune of £75 per annum. They do not, of course, receive the married couple's allowance.

Their National Insurance charge also falls, by £15 a year between them, as a result in the increase of the base level announced in the Autumn statement.

There was no change in the MIRAS ceiling in the Budget. However, David and Caroline will see a slight benefit. MIRAS relief will still be granted at 25 per cent on their interest payments, despite the fact that part of the couple's income will henceforth be taxed at 20 per cent.

Overall, their outgoings will be reduced by £290 in the 1992-93 tax year, a saving of £5.58 a week. Their net income, after mortgage payments, will rise from £13,127 to £13,417, an increase of 2.2 per cent.



FIONA and Peter Elsworthy are married and have two children. Fiona is the main breadwinner. She earns £40,000 a year as a solicitor and has a company Golf GTI which completes the year with a business mileage of under 2,501 miles.

Peter, a librarian, earns £10,000. They have a £50,000 mortgage, on which interest relief on the first £30,000 is available under MIRAS. They both enjoy the occasional glass of wine or beer.

As a result of the Budget, both will pay less income tax because of the new 20 per cent band and the rise in personal allowances. Peter saves £137.50 a year as his tax bill drops from £1,246 to £1,109.

Fiona saves slightly more tax – £160 – because the rise in the personal allowance delays the point at which she starts paying higher rate tax. However, she cannot claim the married person's allowance until 1993. Since she is the higher rate taxpayer, the two would have saved a further £258 had Fiona been able to claim the £1,720 allowance on top of her personal allowance.

The couple benefits from a rise in child benefit for the children, up from £871 to £907, as a result of the Chancellor's Autumn Statement.

However, they spend an extra £17 in excise duties on drinks, and Fiona has to pay an extra £84 in tax for her company car. The increase in scale charges and petrol benefit means she will have to pay £1,914 instead of £1,830 for her Golf.

She will also see an increase in her NI contributions from £1,636 to £1,699. Luckily, Peter's NI contributions drop by £8 to £703. The ceiling on NI contributions will be raised from £390 a week to £410 a week after April 5, as result of the Autumn Statement last year.

Peter and Fiona's net income after these changes has increased by £177 or £3.40 a week, a rise of around 0.6 per cent.

JAMES and Henrietta Hamilton are married with grown up children who have now left home.

James earns £90,000 a year as the director of a trading company. Henrietta does not work but enjoys an income of £10,000 a year from shares and building society deposits.

James has a Jaguar from his company but hardly uses it for business. This couple is the only example of people losing from the Budget.

The changes mean that both pay less income tax. James's tax bill falls by £160 (see table below left) because of the rise in personal allowances and the new 20 per cent band.

Henrietta's tax saving is smaller, at £137, although a greater proportion of her income. Their collective tax saving is £297. The introduction of the new 20 per cent tax band accounts for £200 of this and the rest is due to the increase in their personal allowances.

On the downside, James's National Insurance contributions have increased by £63 to £1,699, because of the Autumn Statement rise in the contributions ceiling.

The increase in car benefit scales and petrol benefit charges means that his Jaguar is now costing him £5,956 in tax instead of £5,700 to run – an addition of £256 a year. The couple enjoy malt whisky and the odd Chateau Margaux though neither smokes. The increase in their excise duty bill is £34 a year.

The reason they are worse off after the Budget, despite the introduction of the new 20 per cent band, is that the reduction in income tax is not enough to compensate for the rise in duty on alcohol, the company car scale rates and his National Insurance contributions.

The total increase in cost to James and Henrietta is modest, at £56 a year, or £1.08 a week. The change will hardly ruin them – the fall in their net income is just 0.1 per cent.

And if James had owned his own business – a trading company worth around £1m – there would have been an inheritance tax bill of roughly £200,000 to pay on the shares when he died. If the Conservatives are re-elected and the Budget proposals on IHT are enacted, the whole of the business will be exempt from the tax.

Old age pensioner

	1991-92	1992-93
Income	15,000	15,000
Outgoings		
Tax	2,926	2,700
Alc & cigs	600	617
Tot costs	3,526	3,317
Free inc	11,474	11,683
Total gain		£4.02pw

Single earner

	1991-92	1992-93
Income	15,000	15,000
Outgoings		
Tax	2,926	2,788
NIC	1,161	1,153
Alc & cigs	600	617
Tot costs	4,687	4,558
Free inc	10,313	10,442
Total gain		£2.47pw

Couple living together

	1991-92	1992-93
Income	25,000	25,000
Outgoings		
Tax	4,602	4,327
NIC	1,871	1,856
Mortgage	5,400	5,400
Tot costs	11,873	11,583
Free inc	13,127	13,417
Total gain		£5.58pw

Married with children

	1991-92	1992-93
Income		
Husband	10,000	10,000
Wife	40,000	40,000
Chd ben	871	907
Total	50,871	50,907
Outgoings		
Husb tax	1,246	1,109
Wife tax	11,127	10,967
Mortgage	5,400	5,400
Car	1,830	1,914
Alc & cigs	600	617
Husb NIC	711	703
Wife NIC	1,636	1,699
Tot costs	22,550	22,409
Free inc	28,321	28,498
Total gain		3.40pw

High earners

	1991-92	1992-93
Income		
Husb sal	90,000	90,000
Wife inc	10,000	10,000
Total	100K	100K
Outgoings		
Husb tax	30,439	30,279
Wife tax	1,678	1,539
Car	5,700	5,956
NIC	1,636	1,699
Alc & cig	1,200	1,234
Tot cost	40,651	40,707
Free inc	59,349	59,293
Loss pw		£1.08

Source: Price Waterhouse

THE BUDGET TIMETABLE

Many of the chancellor's Budget proposals were enacted into legislation this week and others by Treasury Orders. Unless repealed by a Labour or coalition government, the following timetable shows when they will (or have) come into effect:

Tax rates and allowances
New 20 per cent tax band .... 6 April 92
Personal allowance raised .... 6 April 92*
Age allowances up .... 6 April 92*

Capital Gains Tax
Exemptions raised .... 6 April 92

Inheritance Tax
Threshold raised to £147,000 .... 6 April 92+

Pensions
Increase in income support rates .... October 92
Pensions cap up .... 6 April 92

PEPS
£3,000 limit on investment and unit trusts lifted to £6,000 .... 6 April 92

National Savings
Guaranteed growth bond .... July 92
Limit on income bond holdings up .... April 92

Cars
Duty rise on petrol .... 10 March 92
Vehicle Excise Duty up .... 11 March 92
Tax on price of new cars cut .... 11 March 92
Rise in company car scale charges .... 6 April 92

Duty rises on alcohol & tobacco
.... 10 March 92

Betting
Duty down .... 1 April 92

* revised PAYE codes for most people take effect on the first pay day after 17 May 92

The following measures depend on the Conservatives being re-elected:
Married Couple's allowance transfer 6 April 93
+ Remaining £3,000 rise of IHT threshold
Business Expansion Scheme to end 31 December 93
Minimum limit for Gift Aid 1 July 92

Diary of a Private Investor/**Kevin Goldstein-Jackson**

Forget the big motor

ALTHOUGH a number of things in Norman Lamont's Budget were commendable, it was not enough to make it a 100 per cent guarantee of a Conservative victory at the general election on April 9. However, the introduction of a 20 per cent rate of tax on the first £2,000 of taxable income is a good hook with which to catch voters, especially with the lure of further reductions in income tax in the future.

The proposals for extra support for poorer pensioners should be especially welcome. Pensioners on income support will receive an increase of £2 a week for single people and £3 for pensioner couples.

As a private investor, I was rather disappointed that the capital gains tax threshold will be increased only from £5,500 to £5,800. This is less than was available in 1987/88 to single investors, who could then make capital gains of £6,600 before being taxed.

Although married couples later were given their own individual capital gains tax allowances, rather than being taxed jointly, the maximum capital gains tax in 1987/88 was 30 per cent. Now it is 40 per cent. I was also disappointed that the chancellor did not abolish stamp duty on share transactions.

Business expansion schemes will be abolished at the end of 1993. I will not mourn their loss. When they were introduced, I had hoped they would attract BES sponsors to find the next Body Shop, Pentland, Kalonor or ICL. Instead, few of the schemes backed people with innovative ideas and/or manufacturing activities.

A number of schemes have lost all their investors' money. Others have produced a mediocre performance. Even some of the property-backed schemes are now having to pray for an upturn in the property market.

Although some schemes did perform well for their investors (myself included), the disadvantage of having to tie up money for at least five years made me normally prefer to invest instead in quoted companies, where it was possible to "get out quick" should there be signs of trouble.

As I still have a few BES investments I will no doubt remain on the mailing list of BES sponsors for their "last opportunity to make tax-free gains" promotions. I shall view these prospectuses with caution: they will have to offer something genuinely unusual and/or attractive to make me invest.

The proposed changes in inheritance tax have made me look at some of my small company investments in the hope that people who are likely to inherit large stakes in those companies will have to sell them in order to pay inheritance taxes. Such sales might then have attracted a predator to the company, thus leading to an increase in their share price.

The Budget proposed exemption from inheritance tax of holdings of more than 25 per cent in companies quoted on the Unlisted Securities Market and an improvement in the tax-free element of controlling interests in quoted companies.

This could mean that some directors – who should hand over to innovative, non-family directors – will now cling on or pass control to family members who might be better suited to other activities. Some smaller company investments are thus less attractive than previously, although some might move into USM shares as a means of avoiding IHT.

As a private investor, I wholly agree with Lamont's statement that "savings are a passport to personal independence and security."

In the wake of Barlow Clowes, BCCI, the Maxwell pension funds and many other examples, I hope the government will announce proposals to increase security for investors by abolishing all the existing costly, bureaucratic City regulatory authorities and replacing them with a new, independent body which has very sharp teeth.

My wife claims that as a result of the Budget she can now save me £5,000 by purchasing a very expensive car, since the 10 per cent car tax has been reduced on all cars to 5 per cent. I am not impressed by this claim, as I suspect that many dealers will simply reduce their current trade discounts and pass on perhaps only half the tax cut.

The chancellor's removal of the £3,000 limit on the amount that can be invested in a unit or investment trust within a Personal Equity Plan is worth a cautious welcome – although it really just encourages increased collective investing rather than direct investment in shares by private investors.

There are still uncertainties over the outcome of the election. Labour could still win and there might be a hung parliament.

Now is not the time to invest – except in a few "speculative opportunities". Nor is it the time to spend money on a large car – we may need the money to emigrate, instead.

FINANCE AND THE FAMILY – THE BUDGET AND YOU

Business expansion scheme

Beware the 'quick buck' hard sell

ABOLITION OF the business expansion scheme could, perversely, mean a "double whammy" boost for BES sponsors. There is no mention of the scheme in the Finance Act, but at least there is now no doubt as to the intentions of a future Conservative government.

Chancellor Norman Lamont could have abolished the scheme with immediate effect – an option still open to an incoming Labour chancellor. Instead, he extended its life for two more tax years by announcing that it will last until the end of December 1993.

This should allow the industry to raise plenty more funds before the deadline while also claiming – with some legitimacy, for a change – that investors should "buy now while stocks last."

Not only this, but Lamont also decided, against expectation, not to abolish the "buy-back" covenanted return companies. Dismissed by one commentator as "arbitraging the taxman," these schemes are thought by many to offer too generous a tax incentive for the social benefits they delivered. But they will survive.

Indeed, Lamont wants to open the way – if the Conservatives are re-elected – for housing associations to use the schemes for "mortgage rescue". In other words, they will buy accommodation which would otherwise have been repossessed by a lender, and then rent it to the previous owner as a tenant.

Two such schemes – one sponsored by Johnson Fry for the Bedfordshire Pilgrims Housing Association, and another by Smith & Williamson for The Mortgage Corporation – already have provided a "rescue" for homeowners in arrears with their mortgages. These involved tortuous legal arrangements, as BES companies were not allowed to buy properties where the tenant was known in advance.

They do, however, have more obvious social worth than companies which buy properties after they have been repossessed. They should, therefore – as Graham Cox, BES manager of Sun Life, points out – be a rather easier "sell," both to housing associations and to wary customers.

Small wonder, then, that BES sponsors greeted the news of their impending demise with ill-concealed glee. They even have 21 months to look for new areas of business.

Charles Fry, chairman of Johnson Fry, was delighted by the news. He said it made the position clear for all parties and added: "I welcome what the chancellor has done. It makes a lot of sense, and we look forward to the next 18 months and raising a lot more money."

Fry predicted a "double whammy" sales bonanza for next year, caused by a rush to take advantage of tax incentives at the end of the 1992-93 tax year and also at the end of December 1993. He suggested that new sponsors might enter the market, as buy-back deals are simple to put together and are unlikely to tarnish the reputation of a big investment house with a loss.

Sun Life has operated in the BES assured tenancies market since 1988 while John Govett, a unit and investment trust manager, launched into the BES market last autumn.

Other mainstream fund managers came close to making a similar move for this tax year, but were deterred by the political risks. Now, the temptation of the BES "assured exit" market will be all the stronger.

Last year, such schemes accounted for 75 per cent of the total £255m raised by the scheme (up from £165m the previous year). According to Anthony Yadgaroff, of the Allenbridge Group, funds raised so far in the present tax year amount to £280m, of which £235m has gone to "assured exit" schemes.

Good news for the sponsors. But is it good news for investors? Probably not. Some of those entering the market will be strong and reputable. Others might be looking for a "quick buck."

The supply of rental accommodation is finite, and investors will need to be wary as the scheme lives out its last few months. In particular, look at the condition of the housing market. If it remains depressed, then there must be some long-term doubts over the ability of housing associations to pay back to investors their full covenanted amount.

Then, there is the old scare about Labour. The April 9 election date, just catching the beginning of the next tax year, provides a window of opportunity for "buy now while stocks last" tactics. Sponsors are likely to open schemes for investment on April 6 and then allot shares on April 9. Barring a wholesale break with convention, a Labour government could not remove the tax relief retrospectively.

BES business could be brisk if Labour enters the last week of the campaign doing well in the polls, as the party is likely to abolish the assured tenancy BES. But it is dangerous to take a rushed decision to go into a speculative investment. Also, if you are worried by Labour, it might not make sense to lock your money away for the entire term of the government, during which higher taxes would squeeze your income.

Abolition of the assured tenancy BES is fixed by legislation for the end of next year in any case, but abolishing the BES for trading companies at the same time needs legislation after the election. This part of the scheme has dwindled since the introduction of assured tenancies. But some believe the move could cut off a source of funds for small companies, and had hoped the scheme would continue.

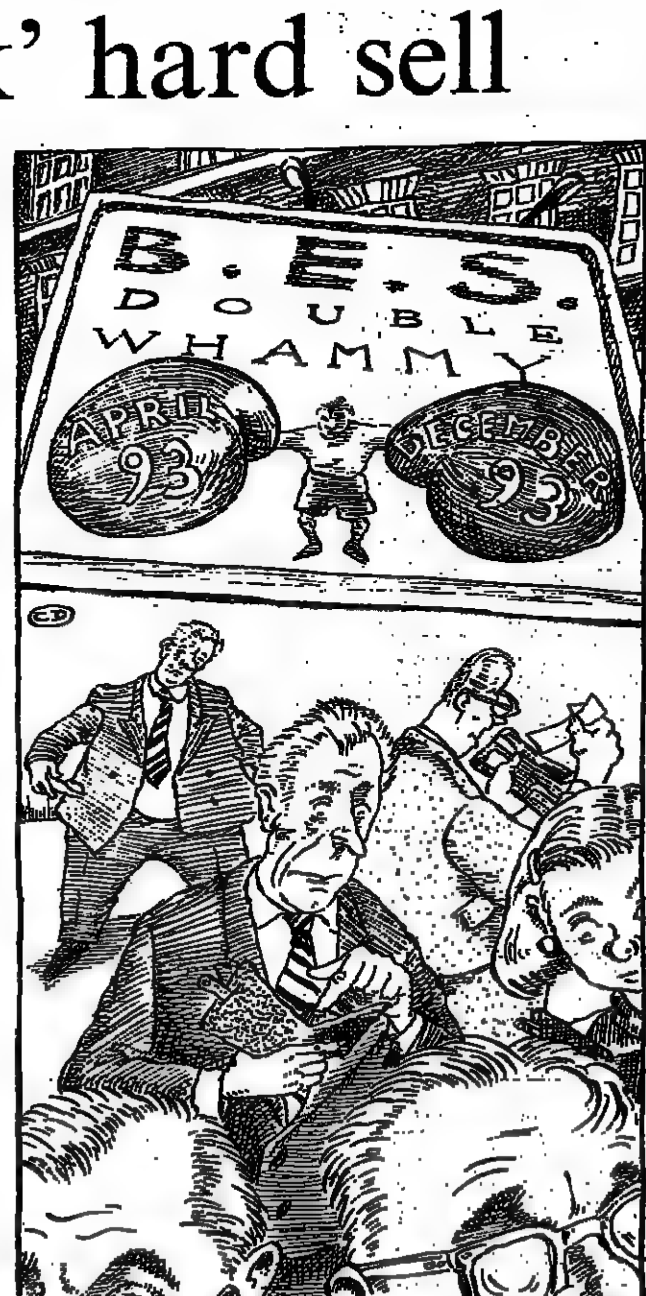
Tim Villiers, chief executive of the BES Association, condemned the move as "throwing out the baby with the bathwater." He added: "I think it's astonishing to cut out private investors completely in an area where corporate investors have been so reluctant to come forward."

This leads to the supreme irony that one section of the venture capital industry, at least, favours a Labour policy actively. BES financiers are profiting already from fears among small investors that a Labour government would abolish the scheme for rental accommodation. But Labour also has plans for a regionally-based "growing business scheme" which could offer the BES industry a lifeline. Villiers said: "Labour would now seem to be looking towards the funding needed for small companies rather more clearly than the Conservatives are."

John Harrison, of Investment and Tax Publishing Services, also attacked the chancellor's assertion that the venture capital industry could cover business venture funding. He pointed out that this was focused on management buy-outs, targeted usually at funding of more than £500,000. He said there could be a serious equity gap below £500,000.

And, finally: what should you do in 1994 if you still hate paying tax? Enterprise zones could continue to provide shelter – if you are particularly keen on investing in Motherwell or Sunderland. There are also many dark comments that something similar to the BES will need to be invented to boost smaller companies. But the Budget also suggested another loophole at which the boffins will be looking very carefully in the months to come. Invested in any good films lately?

John Authers



BES THE BASICS

You can invest up to £40,000 in business expansion scheme companies in each tax year. Tax relief is available at your top marginal rate of income tax, provided you hold the investment for at least five years. Thus, a top-rate taxpayer will receive a rebate worth 40 per cent of his original investment. BES companies can either invest in trading companies (for which there is a total limit for subscriptions of £750,000) or in assured tenancy rental accommodation (up to a maximum of £5m). Some "buy-back" companies acquire property on behalf of a second party (usually a housing association or university) with a covenant from the second party to buy back the property at a fixed price after five years. Some of these companies also arrange financing for the "buy-back," which should further reduce risk. Exit at the end of five years can otherwise often present a problem, but capital gains tax is not payable.

The Week Ahead

BAT Industries, the tobacco and financial services conglomerate, is expected to report a 9 per cent increase in annual pre-tax profits to about £1.05bn on Wednesday.

Eagle Star, its insurance subsidiary, is still suffering heavy losses on its domestic mortgage indemnity business. Analysts will be interested to hear how higher premiums are affecting other underwriting business – for motors, buildings and house contents. However, the final dividend should benefit from the strength of the tobacco business, which is enjoying increasing market share in the US and higher prices in Brazil.

Guinness is expected to produce another creditable set of figures on Thursday. Forecasts of pre-tax profits for 1991 range from £947m to £970m, the top end representing 15 per cent growth in the year. The rate has slowed, though, from 23 per cent in 1990 and 33 per cent in 1989. Shareholders will be rewarded with a dividend increase of about 12 per cent on last year's total of 9.7p.

WPP, the world's largest marketing services group, is likely to unveil on Monday a halving of pre-tax profits for 1991 to about £45m. Revenues are likely to be down slightly to £1.26bn (£1.2bn). Staff levels have been trimmed by 8 per cent during the year.

WPP is believed to have been seeking additional financing of some £100m from its bankers, who are interested in seeing some disposals, particularly of the US agency Scali McCabe Sloves.

Guardian Royal Exchange on Thursday will follow the loss-making trend of the insurance sector. Forecasts range up to £250m for 1991 compared with a year-earlier loss of £157m. Some analysts believe it will maintain its 11.9p total dividend for the year but that cannot be taken for granted after Royal Insurance's decision to omit its final.

Wimpey is expected to turn in on Tuesday a loss for the year ended December of around £20m against pre-tax profits of £43.3m a year earlier. The final dividend is likely to be cut to make a total for the year of 8p (10.5p).

Against the backdrop of the deep construction industry recession, Wimpey will take a £12m provision on its Channel Tunnel involvement plus write-downs on land and property.

Although Delta, the electrical cables and engineering group, has a reputation for limiting the damage of recession, pre-tax profit in 1991 is expected to be nearly 30 per cent down at between £60m and £65m.

It has not been able to buck the UK trend, although its cashflow performance is thought to have been strong. Delta has for some time been looking to acquire, possibly to build up its US presence and its safety-related business. A strong balance sheet and healthy share-price performance gives it considerable scope.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Lawrence (W.)	52½	52	23	25.54	Raine Inds.
Macarthy	365§§	344	321	100.46	Lloyds Chemists
Polymark Int'l	37*	36	34	4.33	Polyfinance
Do. Pfd. A	164½*	163	151	5.05	Polyfinance
Steetley	391½*	382	274	611.83	Redland
Taveners	165*	160	130	4.77	Toms Fabrikker
Wilkes (J.)	151½	163	177	26.69	Petrocon

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30pm prices 13/3/92. †At suspension. §§Shares and Cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abbeycrest	Dec	3,350	(4,310)	9.8	(12.1)	3.2	(3.6)
Abbott Mead Vickers	Dec	5,020	(5,250)	22.09	(24.06)	8.4	(7.8)
AB Ports	Dec	31,000	(60,200)	12.4	(22.5)	8.0	(7.25)
Aegis Group	Dec	55,200	(67,800)	21.11	(37.35)	5.85	(5.85)
Alliance & Leicester	Dec	99,500	(198,600)	-	(-)	-	(-)
American Tst.	Jan	5,780	(5,630)	4.77	(4.61)	4.8	(4.7)
Ansbacher (Henry)	Dec	8,230 L	(2,460)	-	(0.1)	0.01	(1.5)
Baltic	Dec	9,100	(12,000)	14.5	(21.5)	4.33	(4.13)
Barings	Dec	42,500	(42,400)	-	(-)	-	(-)
Baynes (Charles)	Dec	6,750	(5,600)	3.91	(3.84)	1.35	(1.2)
BBA Group	Dec	49,400	(75,100)	7.22	(15.74)	7.5	(7.5)
Beradin Holdings	Dec	222	(152)	0.74	(0.63)	0.55	(0.45)
Blagden Industries	Dec	11,100	(13,300)	14.8	(19.6)	9.5	(9.5)
Britannia Build Soc	Dec	64,000	(73,600)	-	(-)	-	(-)
BTR	Dec	917,000	(945,000)	31.5	(30.8)	16.5	(15.75)
Butlers	Dec	2,580 L	(4,770 L)	-	(-)	-	(-)
BWD Securities	Dec	2,070	(849)	7.6	(3.0)	3.0	(1.75)
Calderburn	Dec	3,040	(5,450)	8.9	(13.9)	7.7	(7.3)
Candover Inv	Dec	3,950	(3,700)	12.7	(10.2)	9.5	(8.5)
Capel (James)	Dec	9,100	(30,300L)	-	(-)	-	(-)
Church & Co	Dec	1,700	(3,580)	11.6	(22.8)	12.5	(12.5)
CIA Group	Dec	2,830	(2,450)	13.82	(11.65)	3.75	(3.2)
Clarke (T)	Dec	1,890	(5,060)	9.8	(26.08)	6.54	(6.24)
[illegible] Group	Dec●	13,600	(11,900)	25.08	(22.64)	4.38	(4.06)
CLF Yeoman	Aug‡	7,280	(8,460)	-	(-)	-	(-)
Conrad Continental	Dec	378 L	(680 L)	-	(-)	-	(-)
Consolidated Venture	Jan	412	(8 L)	2.12	(-)	1.5	(-)
Edmond Holdings	Dec	1,730	(3,000)	2.41	(4.13)	1.85	(1.85)
EFT Group	Dec	1,070	(786)	2.22	(1.62)	1.1	(1.0)
Emess	Dec	4,200	(7,400)	2.2	(3.5)	1.0	(3.5)
Enterprise Oil	Dec	114,400	(210,300)	24.5	(34.4)	15.75	(15.0)
Evered Bardon	Dec	26,900	(43,900)	6.1	(12.7)	5.59	(5.59)
EW Fact	Dec	1,010	(867)	10.53	(8.98)	4.31	(3.85)
Fairey Group	Dec	14,500	(14,600)	28.1	(27.6)	9.0	(8.25)
File Indmar	Dec	906	(1,710)	5.77	(10.88)	4.9	(4.9)
Fleming Mercantile	Jan	10,250♣	(10,970♣)	7.0	(7.5)	6.7	(6.4)
Glynwed Int'l	Dec	25,500	(70,300)	8.43	(23.38)	11.65	(11.65)
Greggs	Dec	6,070	(7,020)	36.8	(41.2)	14.12	(13.5)
Grosvenor Development	Nov	294	(302)	2.89	(2.7)	0.95	(1.35)
Hall Engineering	Dec	5,070	(5,060)	11.34	(12.68)	8.64	(8.64)
Hillsdown Holdings	Dec	166,800	(191,000)	21.1	(24.4)	8.6	(8.0)
Jones (A) & Sons	Dec	290	(284)	27.3	(34.5)	-	(-)
Kleinwort Smaller Co	Dec	1,240§§	(1,360§§)	5.07	(5.34)	4.6	(4.6)
Kode Int'l	Dec	486	(504)	4.3	(5.8)	4.0	(7.5)
Latin American Inv	Dec♦	238	(770)	0.17	(0.67)	0.5	(-)
Leeds & Holbeck Build	Dec	12,300	(20,300)	-	(-)	-	(-)
Legal & General	Dec	11,300	(68,600)	8.81	(12.07)	18.8	(17.9)
Lincoln House	Dec	266 L	(2,350 L)	-	(-)	-	(-)
Nichols (JN) (Vimto)	Dec	7,710	(7,100)	32.6	(28.5)	12.3	(11.0)
North Midland Cons	Dec	555	(1,020)	3.8	(6.5)	1.0	(1.25)
North Sea Assets	Dec	2,080	(1,210)	4.16	(2.81)	0.75	(-)
Pacer Systems	Dec♦	1,140 L	(1,560)	-	(8.0)	6.5	(6.5)
Pacific Assets Tst	Jan	329†	(478†)	1.7	(2.55)	1.0	(1.87)
Perkins Foods	Dec	24,300	(18,050)	12.8	(10.6)	4.3	(3.8)
Persimmon	Dec	22,280	(28,840)	16.8	(23.4)	8.6	(7.15)
PFG Hodgson Kenyon	Dec	6,550	(8,060)	8.05	(9.77)	3.0	(3.6)
Plaxton Group	Dec	8,800 L	(4,200)	-	(9.1)	3.0	(4.5)
Portman Building Soc	Dec	10,500	(16,800)	-	(-)	-	(-)
Ransomes	Dec	4,500 L	(8,100)	-	(1.6)	-	(6.15)
RTZ	Dec	562,000	(679,000)	31.1	(61.4)	19.5	(19.5)
Saatchi & Saatchi	Dec●	63,600 L	(35,600)	-	(-)	-	(-)
Second Market Inv	Dec	461♣	(371♣)	4.66	(3.82)	3.2	(2.4)
Simon Engineering	Dec	18,300	(36,500)	12.5	(30.4)	15.7	(15.7)
Sleepy Kids	Oct♣	156 L	(606 L)	-	(-)	-	(-)
Standard Chartered	Dec	205,300	(150,000)	44.3	(13.0)	20.0	(20.0)
Strong & Fisher	Dec‡	2,430	(17,520L)	0.84	(-)	1.0	(2.0)
Talbex	Dec	7,500	(4,400)	10.1	(7.2)	1.5	(1.0)
TDG	Dec	38,900	(38,200)	17.6	(17.7)	9.5	(9.5)
TI Group	Dec	105,200	(128,400)	44.8	(55.6)	20.5	(19.5)
T&N	Dec	49,100	(70,500)	4.96	(15.0)	10.85	(10.85)
Torday & Carlisle	Dec	26	(4,000)	-	(17.86)	4.5	(7.0)
Trilion	Sept	3,610 L	(376 L)	-	(-)	-	(0.5)
TV-am	Dec§	12,500	(26,000)	11.2	(24.9)	14.0	(14.0)
USDC Inv Tst	Dec	1,950♥	(1,820♥)	5.33	(4.98)	4.25	(4.25)
United Biscuits	Dec	211,300	(195,100)	30.8	(28.9)	16.3	(14.4)
Wates City of London	Dec	8,170	(30,500)	4.43	(23.19)	3.73	(3.73)
Whitegate Leisure	Dec	1,100 L	(1,100)	-	(3.3)	-	(1.6)
Willis Corroon	Dec	96,100	(61,700)	15.8	(18.9)	3.3‡	(13.2)
Wyevale Garden	Dec	2,660	(2,100)	8.8	(8.6)	3.72	(3.37)

INTERIM STATEMENTS

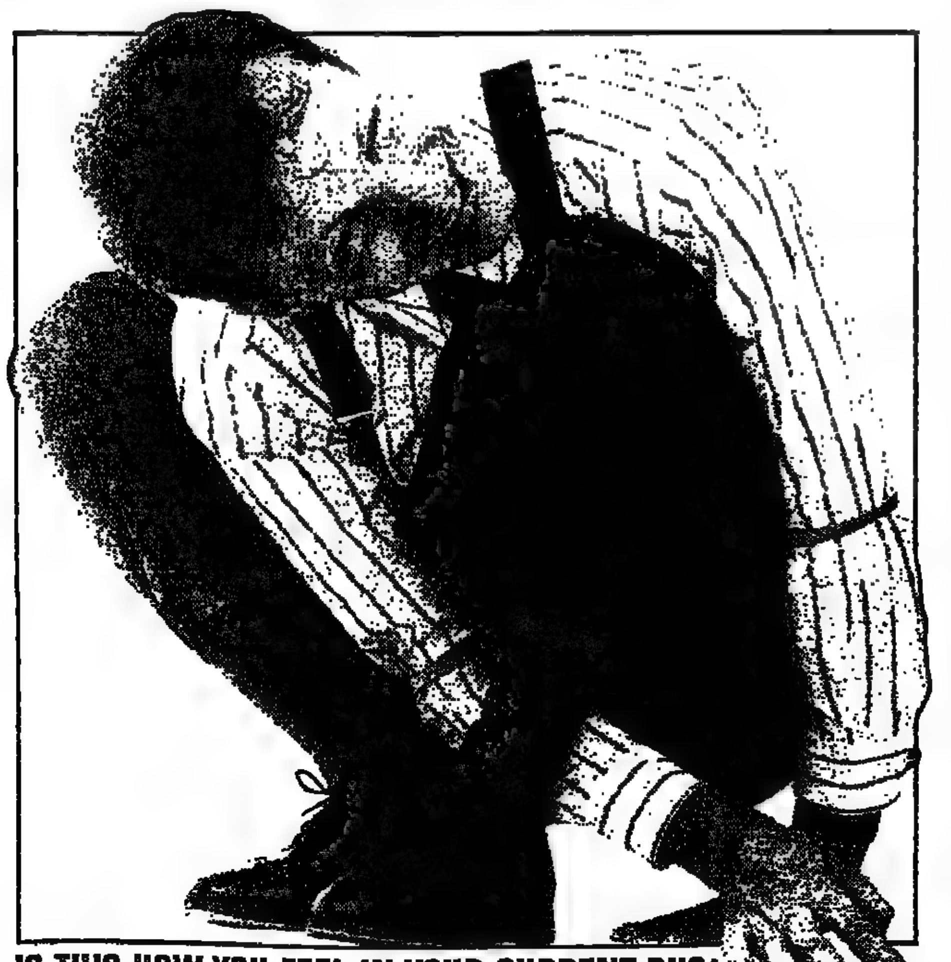
Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
ATP Communications	Sept	29 L	(48 L)	-	(-)
BM Group	Dec	17,300	(13,500)	2.1	(1.8)
Cala	Dec	1,670 L	(3,950 L)	1.15	(1.15)
Castle Comms.	Dec	863	(759)	4.0	(4.0)
Close Brothers	Jan	6,340	(6,210)	3.0	(2.8)
Cornwall Parker	Jan	3,700	(3,600)	1.7	(1.6)
Creston	Dec	481 L	(53 L)	-	(-)
EFM Dragon Tst	Feb	148	(132)	-	(-)
Everest Foods	Nov	1,770	(1,470)	2.2	(2.2)
Ex-Lands	Dec	33	(19)	-	(-)
Gent (SR)	Dec	672	(1,950)	0.75	(1.25)
High-Point	Nov	64 L	(861)	1.3	(2.55)
Lightship	Dec	415 L	(4,760 L)	-	(-)
Lloyds Chemists	Dec	16,400	(8,200)	1.55	(1.17)
Logica	Dec	2,150	(4,670)	1.15	(1.15)
Mucklow (A&J)	Dec	5,340	(5,290)	2.8	(2.66)
Pict Petroleum	Dec	1,110	(3,130)	-	(-)
Pochins	Nov	1,060	(1,540)	6.0	(6.0)
Polypipe	Dec	6,850	(5,270)	0.63	(0.6)
Property Trust	Sep	6,320 L	(703 L)	-	(-)
Ramus Holdings	Dec	142	(276 L)	-	(-)
Rentaminster	Dec	546 L	(13)	-	(-)
Scholes Group	Dec	916	(2,250)	1.6	(1.6)
Sirdar	Dec	2,800	(2,100)	1.65	(1.65)
Thorntons	Jan	7,170	(7,750)	1.26	(1.2)
Unigroup	Dec	304	(708)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † = Net profit. ‡ = This years figure for 15 months. § = This years figures for 11 months. ♣ = Net revenue. ♦ = US dollars & cents. ♥ = Available revenue. ● = This years figures for 18 months. ° = Figures quoted in Irish pounds & pence. ‡ = First interim dividend. ¶ = Gross revenue. ♣ = Last years figures for 15 months.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Alliance Tst	Monday	13.0	27.0	14.0
Anglia Television	Friday	2.6	6.4	2.86
Antofagasta Holdings	Monday	6.0	13.0	6.0
Arjo Wiggins Appleton	Thursday	3.5	5.05	3.3
Automated Security Holdings	Wednesday	1.5	3.1	2.07
BAT Industries	Wednesday	10.7	10.4	10.8
Beta Global Emerging Mkts	Friday	-	-	-
Bluebird Toys	Tuesday	-	-	-
Bowthorpe Holdings	[illegible]	1.52	4.15	1.7
BPP Holdings	Monday	2.3	4.0	2.4
Bristol & West Building Soc	Wednesday	-	-	-
Britannic Assurance	Wednesday	6.0	17.5	6.2
British Borneo Petroleum	Wednesday	2.667	6.0	2.667
British Mohair Holdings	Wednesday	1.4	7.1	1.4
BSG Int'l	Thursday	0.7	2.5	0.7
Caird Group	Thursday	1.2	1.2	1.33
Cattle's Holdings	Thursday	1.5	2.3	1.6
Caledon Industries	Tuesday	-	1.2	-
Christies Int'l	Monday	2.3	6.0	2.3
Clyde Petroleum	Wednesday	0.5	0.75	0.5
Dartmoor Inv Tst	Tuesday	2.5	3.8	2.4
Davis Service Group	Thursday	2.73	5.29	2.75
Delta	Monday	4.2	9.8	4.2
ECU Tst	Thursday	-	1.3	-
Evans Halshaw	Tuesday	3.6	7.65	3.6
Ferrum Holdings	Thursday	1.0	1.25	1.1
Fisher (James) & Sons	Monday	2.0	3.8	2.0
Graseby	Tuesday	3.3	7.6	3.3
Guardian Royal Exchange	Thursday	4.4	7.5	4.4
Guinness	Thursday	5.4	13.36	6.1
Henderson Highland Tst	Tuesday	1.4	1.48	1.4
Honeysuckle Group	Monday	-	1.0	-
Hornby Group	Friday	-	9.0	-
IMI	Monday	4.2	5.8	4.2
ISA Int'l	Monday	0.41	0.87	0.41
JIB Group	Monday	-	-	-
Johnson Group Cleaners	Thursday	7.0	16.7	7.0
Kwik-Fit Holdings	Thursday	1.1	1.65	1.35
Laing (John)	Thursday	3.0	10.0	3.0
Law Debenture Corp.	Wednesday	5.75	10.25	6.0
Lionheart	Wednesday	-	-	-
Manders (Holdings)	Thursday	2.0	6.0	2.0
Marley	Wednesday	2.1	4.25	2.1
Martin Currie European Inv	Friday	-	0.75	-
Matthews (Bernard)	Wednesday	2.0	2.5	2.0
Mayborn Group	Monday	1.3	2.5	1.4
Metalrax Group	Monday	1.0	2.64	1.0
Molins	Friday	3.0	9.0	3.0
Needler Group	Monday	-	-	-
Nestor-BNA	Thursday	1.15	2.0	1.15
Peek	Tuesday	1.05	2.35	1.05
Portals Group	Wednesday	5.0	8.0	5.0
Refuge Group	Tuesday	8.25	18.5	9.0
Rentokil Group	Wednesday	1.08	2.24	1.33
River & Mercantile American	Tuesday	1.8	2.4	1.8
Rugby Group	Monday	2.65	3.6	2.85
Sanderson Murray & Elder	Wednesday	-	10.0	3.0
Schroders	Wednesday	4.0	10.0	6.0
Smith & Nephew	Thursday	1.73	2.61	1.75
Sothebys	Thursday‡	15.0	35.0	16.0
Stag Furniture	Thursday	2.0	3.6	2.5
Steel Burrill Jones	Wednesday	4.0	8.25	4.25
Suter	Monday	3.2	5.6	3.2
Thames Television	Thursday	5.15	10.65	2.5
Thornton Asian Emerging Mkts	Thursday	-	0.5	-
Trade Indemnity	Wednesday	0.9	1.0	-
Try Group	Wednesday	2.0	4.0	2.0
Unichem	Thursday	-	1.5	1.7
Vinten Group	Thursday	1.7	4.6	1.8
Wassall	Thursday	0.9	1.8	1.0
Watmoughs (Holdings)	Tuesday	2.5	7.75	2.5
Wilson Bowden	Monday	2.4	5.9	2.5
Wimpey (George)	Tuesday	4.0	6.5	4.0
World of Leather	Thursday	-	-	-
WPP Group	Monday	-	-	-
WSP Holdings	Wednesday	1.1	1.8	1.1
INTERIM DIVIDENDS				
Allwoods	Friday	1.75	3.25	-
BZW Convertible Inv Tst	Thursday	1.5§	3.25	1.5§
European Leisure	Wednesday	0.5	0.2	-
Foreign & Colonial High Inc	Thursday	1.2	1.2	-
Green (Ernest) & Partners	Tuesday	2.75	4.25	-
Halstead (James)	Friday	4.25	7.0	-
MAI	Monday	1.4	4.1	-
Melanders (John) Group	Wednesday	2.3	2.65	-
Scottish Asian Inv Tst	Thursday	-	-	-
Trace Computers	Tuesday	0.65	0.9	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. # = Second interim dividend. § = Quarterly dividends. ‡ = Dividend payments quoted in US cents.



Personal Equity Plans

Simpler – and less risky

UNIT and investment trusts at last got the concession they wanted from the chancellor this week. Personal equity plans based on the two types of collective investment will now qualify for the full £6,000 annual allowance instead of the previous £3,000 limit.

Although the change was not in the Finance Act, the government used its powers to push through this measure, which will come into force next month at the start of the new tax year.

A change in Pep rules might not win any votes but it certainly seems one of the chancellor's most sensible moves.

It seemed strange for the government to encourage small investors to take the risk of buying a small number of individual equities, rather than obtaining the built-in spread of a unit or investment trust.

Any trust with 50 per cent of its funds in shares in EC member states will now qualify for the £6,000 allowance. This will slow the stream of investment trust launches, which were designed to take advantage of the fact that new issues were previously the only means of qualifying for the £6,000 allowance.

Why put £6,000 into a new issue trust and pay 100p for what, after costs, could well be 95p or 96p of assets? If you buy an existing trust on a discount to its asset value, you can pay 90p for, say, 100p of assets and can keep all the tax advantages.

This might take some of the shine off M&G's present offer for its Recovery trust. Admittedly, investors have no less incentive to put £6,000 into the trust to cover this year's Pep allowance. But the incentive to put in a further £6,000 to cover the 1992-93 Pep allowance is much reduced.

There might also be a decline in the popularity of managed Peps where stockbrokers or other plan managers pick a £6,000 portfolio of shares for investors.

Performance records for such Peps are difficult to come by, unlike unit and investment trusts where statistics are available widely. "It will make comparing performance a lot easier," says Roz Barder of Chase de Vere.

Nor will there be much need for the "top-up" Peps in which a sprinkling of blue chips was added to a £3,000 holding in a unit or investment trust to make full use of the £6,000 allowance.

"I expect a lot of managers will just offer a full £6,000 unit or investment trust Pep and not bother with shares," says Barder.

The change will also simplify the over-complicated Pep rules. There will in future be only three annual limits: £6,000 for the vast majority of Peps; £1,500 for "non-qualifying" unit and investment trust Peps (those with less than half their funds in EC member states); and £3,000 for the single company plan, which can be taken out in addition to another Pep.

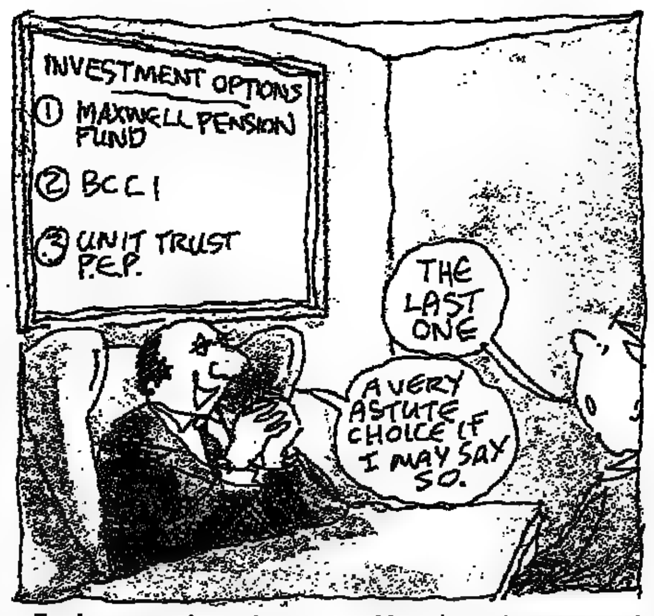
Sadly, this still means that the biggest investment trust, Foreign & Colonial IT, will qualify for only a £1,500 allowance because of its heavy non-EC weighting. But investors will now be able to put £6,000 in Foreign & Colonial's German Investment trust and its Eurotrust.

Other unit and investment trust companies were quick to announce their plans to take advantage of the Budget change.

SGTR (Societe Generale Touche Remnant) said at least three of its unit trusts would be on offer: European Special Situations, General Growth and Income Growth. Schroders said it would offer a 1992-93 Pep allowing investors to put £6,000 into up to three of a range of six trusts.

Fidelity will be offering nine Peps, each linked to a unit or investment trust. None will have any additional charges, and Fidelity will not make a charge for accepting transfers of existing Peps.

The nine trusts are UK Growth, Special Situations, Recovery, Growth & Income, Income Plus, European, 1992 European Opportunities, European Values Investment and the International Pep.



Fund managers' reaction to the Budget generally was positive with Philip Warland, director-general of the Unit Trust Association, describing it as "a great boost for the industry." In recent months, the stream of investment trust new issues had rather left unit trusts on the sidelines.

There could be benefits for investors, too. Haydn Green, of the Nottingham-based Pep Shop, says: "Extending the unit trust limit to £6,000 will enable unit trust management groups to reduce their costs substantially.

"Our initial feedback indicates that very many unit trust groups are prepared to reduce their bid-offer spreads to under 1.5 per cent, providing the broker cedes his commission. After April 6, front-end loads will rapidly become a thing of the past as far as Peps are concerned."

Philip Coggan

Charities

Win some . . .

THERE is at least one sense in which this was a "giveaway" Budget: the chancellor made it slightly easier to give to charity. However, as the most important measures then failed to appear in the Finance Act, he has shown that what can be given can be taken away.

Measures for charities must now be regarded as plans only, to be enacted if the Conservatives are re-elected. But if you want to give money to charity tax-free, and would rather not do so through a regular covenant, it is worth being reminded of the gift aid regulations.

At present, you must give £600 to a registered charity before qualifying for gift aid relief. The Budget proposals did not reach the Finance Act but, if passed in due course, this limit would be reduced to £400 from July 1, which should bring the scheme within the comfortable reach of many more people.

Under the proposals, gifts to charitable groups would be treated as net of basic-rate tax. In other words, a £400 donation would be viewed as if you had paid £533.33; the charity could then claim tax relief at 25 per cent (£133.33). Top-rate taxpayers could reclaim for themselves the 15 per cent difference (£79.99) between basic and top rates. So, a top-rate taxpayer could give £533.33 to charity for a net outlay of £320.01.

Charities are happy that the limit could come down, as this should increase donations. A £400 limit would still be sufficiently high not to deter donations made by covenant.

Michael Brophy, director of the Charities Aid Foundation, said: "The reduction in the minimum limit for gift aid payments will lead to a substantial increase in the number of people able to use this scheme. We estimate that the effect will be to increase donations under gift aid from the present level of £200m per year to something in excess of £300m – a net gain of at least £100m to charities."

John Authers

Directors' Transactions

Headline news

THIS WEEK'S table contains information on deals done in the previous fortnight, after space constraints squeezed out the table last Saturday.

Headline Book Publishing came to the market just under a year ago and the shares have comfortably outperformed the FT-A All-Share Index since. The maiden final results, announced in mid-February, were better than market expectations, but the sales by the chairman and finance director follow a large sale by the managing director.

Between September 1990 and February 1991, a large number of purchases were made by directors of Fairway (London), a specialist stationer, at prices between 45p and 49p. Recent final results revealed another increase in profits and earnings and board member Richard Seamer has sold a total of 200,000 shares at between 62p and 65p. He still retains more than 1.5m.

Gold Greenlees Trott, the advertising agency, has become one of the classic examples of how well directors time their dealing. Gold and Greenlees, the joint chairmen, sold about 700,000 shares back in February 1989 when the price stood at around 285p.

From there, the advertising industry slid into recession and the shares fell steeply. They returned to the market in December 1990 and January 1991, buying 283,000 shares between them at prices between 63p and 70p. A little over a year later, Michael Gold is taking some profit, selling 100,000 shares at 223p. A non-executive colleague, Robert Bayley, also took the opportunity to sell, reducing his holding by 30,000 at the same price.

Angus MacDonald, Directus Ltd

Key to sectors: BdMa = Building Materials; Brew = Brewers & Distillers; Chem = Chemicals; Elns = Electronics; Eng = Engineering - General; FdRe = Food Retailing; Hlth = Health & Household; InTr = Investment Trusts; Med = Media; Misc = Miscellaneous; O&G = Oil & Gas; OthF = Other Financial; OthI = Other Industrial Materials; Pack = Packaging; Stor = Stores; Tele = Telephone Networks; Text = Textiles.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Applied Hologr'cs	Misc	8,000	10	1
Argyll Group	FdRe	46,215	145	1*
Bass	Brew	76,367	425	2*
Boots	Stor	148,500	703	5*
Courtaids	Chem	40,000	215	1*
Courts (Furnishers)	Stor	5,000	15	1
Dalgety	FdMa	3,500	14	1
Fairway (London)	Misc	200,000	127	2
Fleming Ent IT	InTr	10,092	15	1
Fleming Fledg IT	InTr	8,976	17	1
Gold Greenlees Trt	Med	130,000	290	2
Greenalls	Brew	18,241	69	2
Headline Book Publ	Med	248,540	430	2
Heath (Samuel)	Misc	105,000	87	1
Low & Bonar	Pack	5,000	13	1
Lowe (Robert H)	Text	250,000	25	1
Macro 4	Elns	70,000	505	1
Marks & Spencer	Stor	165,811	528	2*
Mercury Asset Mgmt	OthF	205,000	712	3*
Sainsbury (J)	FdRe	3,000	12	1
Securicor "A" Ord	Tele	57,500	348	2
Securicor 'A'Non Vt	Tele	60,000	503	1
Shiloh	Text	12,000	14	1
Syltone	Eng	40,000	99	1
Vodafone	Tele	40,500	147	1*
Watmoughs nil paid	Med	192,853	96	5
Whitbread	Brew	220,400	998	1*
Wolv & Dud Brew	Brew	5,000	28	2
PURCHASES				
Aberforth Split	InTr	52,000	118	1
API Group	Pack	20,000	23	1
Burton Group	Stor	150,000	57	3
Electric & Gen IT	InTr	50,000	62	1
Life Sciences Int	Hlth	25,000	43	1
Merchant Retail Grp	FdRe	50,000	10	1
Park Food	FdRe	50,000	57	1
United Energy	O&G	30,000	10	1
Wheway	Eng	200,000	39	2
Wickes	BdMa	30,000	21	1
Williams Holdings	OthI	110,000	343	3

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 24Feb-6 March 1992.

Source: Directus Ltd, Edinburgh

National Savings

New bond fills a gap

WITH the chancellor planning to double the public sector borrowing requirement to £28bn, National Savings will launch a new product from July to increase its contribution to government funding.

The guaranteed growth bond will offer fixed rates of interest guaranteed for only one year at a time, although there will be no set limit to the life of the bond. This is a departure for National Savings, as its fixed-rate certificates and bonds normally require investors to hold the products for five years to qualify for the maximum returns.

National Savings says the new bond is aimed at basic-rate taxpayers to fill a gap in its product range. Interest will be added to the bond annually after tax has been deducted at the basic rate.

Non-taxpayers will do better with income or capital bonds both of which pay interest gross, while higher-rate taxpayers will be more attracted to National Savings certificates which are paid free of income or capital gains tax.

The minimum holding for the new bond will be £1,000, with a maximum of £250,000. Investors can hold the bond for more than a year if they like the sound of the next annual fixed rate. But they will be penalised if they cash-in the bond before the year is up or between years, probably through a reduced rate of interest.

National Savings says that those who fall into the new 20 per cent tax band will have to claim back from the Inland Revenue the 5p in the pound extra tax paid. This will affect those who rely solely on investment income, since those in employment will have already had their first £2,000 of income taxed at 20p in the pound through pay-as-you-earn.

The guaranteed growth bond is the second new National Savings product in as many years after the launch last July of the children's bonus bond.

The Budget makes another change to National Savings: the limit on the maximum holding of income bonds is lifted from £25,000 to £50,000 from next month (the exact date will be announced later). The minimum investment of £2,000 remains unchanged; income bonds are sold in multiples of £1,000.

National Savings contributed £2.26bn to government funding in 1991-92, up from £1.35bn the year before. It is likely that other changes – such as raising the ceiling on other holdings – may take place in order to increase this contribution.

Scheherazade Daneshkhu

Inheritance Tax – I

High hopes are dashed

FOR MANY middle-class homeowners, inheritance tax (IHT) reform was the dog that did not bark in the Budget.

Last October, Conservative ministers dropped heavy hints that IHT was in for sweeping reform. Speculation buzzed that the tax could be abolished altogether, or that the threshold before IHT is payable could be doubled from its present level of £140,000.

The tax could even have been made more progressive – at present, there is only one rate of tax, which is 40 per cent. An extra band might have made sense.

In the event, the changes announced would be good for owners of small businesses and farmers (see article below). But they did not appear in the Finance Act and are unlikely to be enacted by Labour. If the Tories are re-elected, they can be reintroduced and applied retrospectively.

The threshold before any tax is payable was raised in line with inflation to £147,000 by statutory order. On reelection the Tories would further increase this to £150,000, still below some pre-Budget hopes.

There may have been good political motives behind this small increase. Pressure for IHT reform was largely caused by the house price surge which took many middle-class families above the threshold. Now house prices are falling, the new threshold could remove many from the IHT net.

Also, the advantages of loosening IHT would have gone to society's wealthier members – the introduction of a lower rate income tax band was a more astute political move.

Where does this leave your IHT planning, if you have an estate in excess of £150,000? We now know what the Conservatives intend to do to the tax by the end of the 1992-93 tax year.

However, Labour is less equivocal than the Conservatives about its plans for the tax. If Labour is elected, wholesale reform is unlikely in the first year; but after this the party wants a recipient-based tax – people would be taxed on the basis of what they receive. At present, the tax is levied on an estate and falls in equal proportions on those who inherit money from it.

A recipient-based tax would create an incentive to distribute wealth as widely as possible. So the situation for estate-planners remains fluid.

John Authers

Inheritance Tax – II

Good news for family firms

ONE OF the few memorable phrases of *John Major's* premiership (so far) was his vision of family wealth "cascading down the generations." Chancellor Norman Lamont duly took the cue in his Budget by announcing enhanced inheritance tax reliefs for family businesses.

The proposals were not included in the Finance Act. But if implemented by a re-elected Conservative government, they would give a considerable boost to the family-owned sector. However, serious tax dilemmas would remain.

Business relief reduces the value of certain business interests for IHT purposes. The rate of relief has always depended upon the type of business and the size of the transferor's holding in the company.

The current regime gives relief at either 30 per cent or 50 per cent. The proposed levels are 50 per cent and 100 per cent (see table).

What would they mean in practice? Consider an entrepreneur who leaves an estate of £1m comprising a £250,000 property and a 30 per cent *interest in the family company*, worth £750,000.

Under the current system, the taxable value of the shareholding would have been reduced by 50 per cent to £375,000, bringing down the overall estate from £1m to £625,000 and the IHT bill from £344,000 to £194,000. The proposed changes would drop the shareholding out of the calculation, leaving just £44,000 tax to pay on the property.

Ageing entrepreneurs have faced a dilemma: by holding on to their business for too long, they could saddle their heirs with a tax bill that would threaten the survival of the firm. Advisers have urged them to exploit the exemption for gifts made at least seven years before the donor's death.

If the chancellor's plans are implemented, they will be encouraged to keep a grip on the reins into their dotage. If an entrepreneur qualified for the proposed 100 per cent relief, it would make no difference (from an IHT perspective) whether he gave away the shares during his lifetime or still held them when he died.

But IHT is not the only tax in the equation. When capital gains tax is taken into account, the balance of advantage tilts against lifetime gifts.

A lifetime gift need not trigger an immediate CGT bill. It usually can be "held over" from donor to donee. But this means the donee inherits the original CGT base cost, which forms the basis for his liability when he sells the shares. If shares are transferred out of an estate the CGT base is uplifted to the value at the date of death.

To illustrate this, assume in the earlier example that the entrepreneur's original investment in the company was a nominal £100; and that his son inherits the £750,000 shareholding, disposing of it later for £1.5m. IHT would no longer be an issue under the proposed changes, but the CGT consequences will differ radically if the holding is a lifetime gift.

If the son receives it during his father's lifetime, his gain will be £1,499,900 (£1.5m less £100) producing a £599,960 tax demand. By contrast, if he inherits from his father's estate, the higher base value will trim his taxable profit to £750,000, leaving a liability of only £300,000. These calculations ignore indexation, which would further skew the equation against the lifetime route.

So that settles it. No lifetime gifts of business property if the proposals go through. Unfortunately, it is not that simple – Labour has made clear that it would impose a tougher IHT regime if it wins on April 9.

If Labour does not win, there is still a window of opportunity to take action. Those who have taken advantage of the business relief exemption will not fear a future Labour government. If you trust your children, give them the shares and let them worry about future CGT problems. If you trust the electorate to keep voting Tory, hold on to your assets.

The chancellor is proposing only to increase the rates of business relief, not to extend the range of assets to which it applies. So, investment businesses and those dealing in stocks and shares or property will still be excluded.

David Cohen

■ *David Cohen is a partner in the City law firm of Paisner & Co.*

Inheritance tax

Asset	%age holding	tax relief (%) pre-Budg	post-Budg
Interest in business	Any	50	50
Unquoted shares	0-24.9	30	50
	25-100	50	100
USM shares	0-24.9	nil	50
	25-50	nil	100
	50.1-100	50	100
Listed shares	0-50	nil	nil
	50.1-100	50	50

Source: Paisner & Co.

Company cars

Wheels within wheels

Chancellor Norman Lamont's 1992 Budget Special has knocked flying many of the cones which have marked out the structure of the UK car market for more than a decade.

Car owners and operators, both business and private most of us – – now face an unfamiliar landscape. Some companies may be considering whether to continue providing cars for their employees.

Lamont began by cutting the 19-year-old special car tax to 5 per cent from 10; raising the excise duty on unleaded petrol and diesel fuel by the rate of inflation (about 4.5 per cent) and that on "dirtier" leaded fuel by 7.5 per cent; and increasing the road fund licence fee from £100 to £110.

So far, so good – not least for the motor industry, which had long complained that car tax was responsible in part for sales having plunged to an annual rate of 1.6m compared with a record 2.3m in 1989.

The cut does not mean a straightforward 5 per cent reduction on pre-Budget prices, however, because it is computed on the pre-tax price less the discount allowed to the dealer. It nets out at just over 4 per cent, or about £400 off a small family saloon; £1,100 off a £27,000 executive car; and more than £3,000 off a Rolls-Royce Silver Spirit (for the dwindling band still able to afford the other £96,000).

Ford, which has seen its long market leadership threatened by Vauxhall, quickly fired the first shot in what might well intensify the price war raging already between manufacturers. It cut up to £750 off some of its smaller models, on top of the SCT reduction. A 1.1-litre, three-door Fiesta plunged to £6,220 from £7,250.

But it was Lamont's less headline-grabbing changes which are likely to prove at least as significant as the SCT cut; not least his pledge that companies which offer employees a cash alternative to a car will not wind up paying VAT – as Customs and Excise has *insisted previously – on salary* foregone by those who choose to keep their cars.

This is of great importance because a company running 500 cars, but offering employees £3,000 cash instead, risked landing itself with a VAT bill for nearly £250,000 if only one employee opted for the cash.

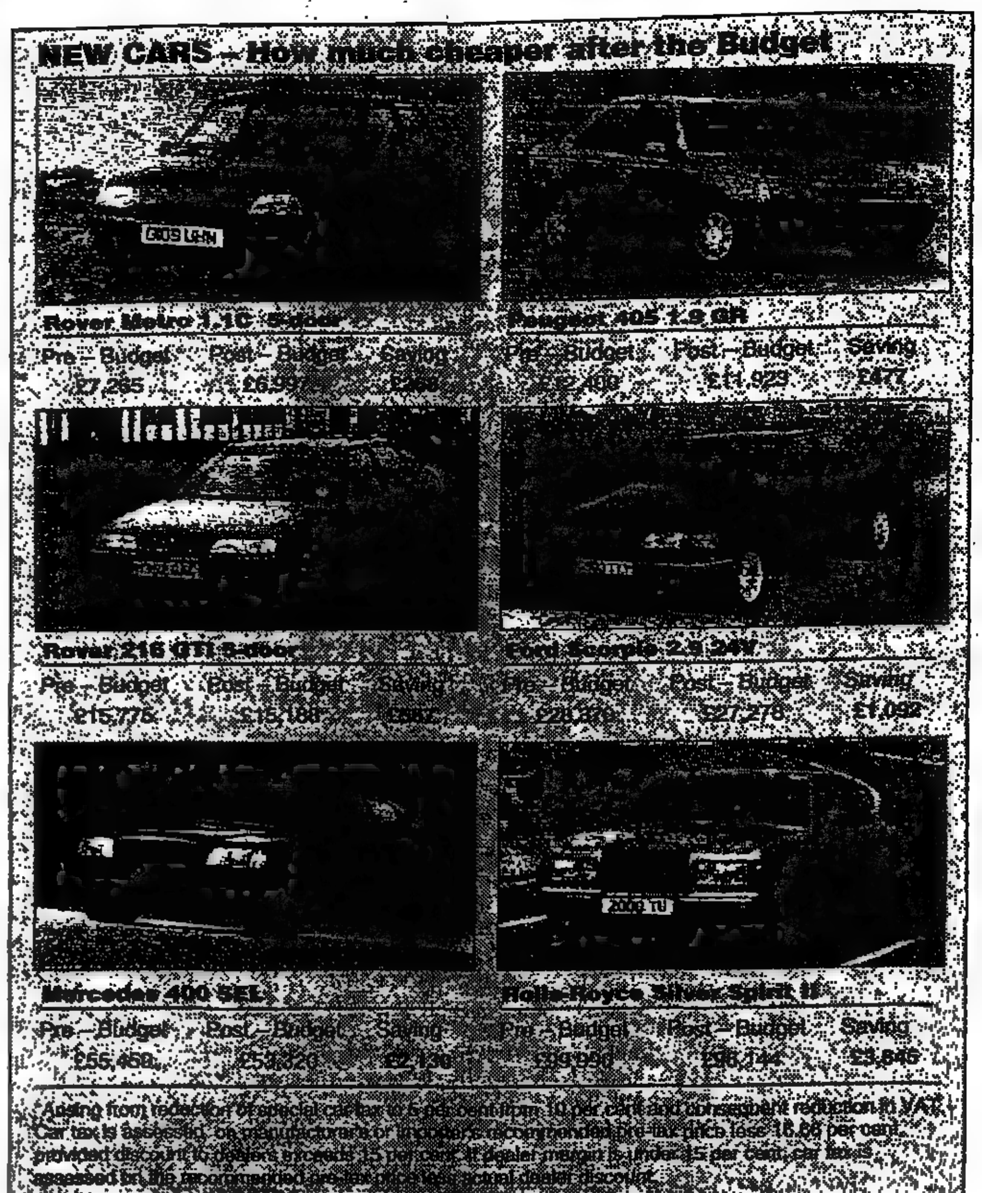
It is the overwhelming reason why companies have been frightened away from pursuing cars-for-cash schemes, even though many have begun investigating them because of *last year's imposition – for the* first time – of National Insurance charges on company cars and higher VAT (which, uniquely among business goods, cannot be reclaimed on car purchases).

Lamont's banishment of the VAT bogy could yet produce large-scale desertions from the company car. This may depend on the consultative document – to be published this summer – on revisions to the car scale tax charges. We know that the intent is to scrap engine size *bands, and the major price* thresholds at £19,250 and £29,000 above which individual tax charges rise sharply, in favour of a more progressive scale linked to vehicle price.

Stewart Whyte, a senior official of the Association of Car Fleet Operators suggests, however, that companies should not now rush headlong into schemes that might have their ground rules changed within the next six months.

"When you won't know one side of the equation for probably another six months, it is clearly ridiculous for a company to jump into any new cash-or-car schemes now," he says.

John Griffiths



Securities and Investment Board

Rules on product selling

NOBODY could accuse the Securities and Investments Board of over-elaborate stage management.

It announced measures which will profoundly alter the selling of investments this week. When did it do this? At 11 am on Wednesday, just as John Major was paying his visit to the Queen.

So it is not surprising that the package of measures for disclosure unveiled by Sir David Walker, chairman of the SIB, have not received much attention. This is a shame, as they *radically* alter the information available to you when you buy an insurance product.

Now, you will have just about enough information to calculate a guesstimate of the true cost of the policy you are buying, and to make clear the penalties for early surrender.

You will not, however, be given as much information as the SIB intended when it published its discussion paper in October, which means that investors must still pore closely over the small print before reaching any decisions.

The system of "polarisation" has been maintained, as have the requirements on "best advice". So any intermediary must either be required to pick the best product from all the companies in the market, or only offer the products of one company.

The measures on disclosure are more complicated:

■ **Surrender Values**
SIB has stuck by its guns and requires companies to state the value you would receive for a policy if you surrendered it after one, two, three, four, and five years. The total value of premiums paid in at each of these points must be stated, so you can see whether you would manage to receive your money back.

If after year five you would still not receive as much as you had invested, SIB requires the company to print the "crossover" year (which can be as late as year 12 for a 25-year endowment policy) when the surrender value is higher than the premiums paid in.

Also, companies must print surrender value ratios in the With Profits Guide. They do not have to show this to you, but you have the right to request it. Do so.

The information could be invaluable. For example, if you were buying a 25-year policy, this would tell you how great a share of the final maturity value you would receive after 24 years. If this figure is as low as 40 per cent you should probably steer clear.

■ **Effect of Charges**
The "Reduction In Yield" figure, showing by how many percentage points total life office expenses would reduce a notional yield of 7 per cent for endowments and 8.5 per cent for pensions, will now appear in a form which non-actuaries might understand.

At present RIY produces an apparently piffling figure – for example "1.0 per cent" means that charges would cut the yield on your endowment from 7 per cent to 6 per cent. The SIB will now ensure that this is stated in terms of the number of pence in the pound which would be knocked off your policy proceeds. So an innocuous RIY of 1.0 per cent now becomes a rather more alarming 14p in the £1. The total spread for 25-year endowments is from 6p to 40p.

Hopefully offices near the top of this scale will soon either get their charges in order, or cease trading.

■ **Charges in illustrations**
This is the climbdown. Offices need to reveal their own reduction in proceeds, but in published illustrations and projections they are required to assume that their RIP is the industry average – even if their costs are much worse.

Projections must use a common assumption for investment yield, and the SIB's reason for disallowing *company-specific costs is that* companies would then object to not being allowed to quote company-specific investment return, which could be misleading. With a company-specific RIP you can derive your own projection.

■ **Warnings**
These have been toned down. At one point, the key information was to include the words "Warning!" in relation to the penalties for early surrender. This was thought too pejorative, *so it will now read* "BE CAREFUL!"

■ **Status Disclosure**
The phrase "appointed agent" to describe non-independent advisers was misunderstood. Tied agents must now call themselves "company representatives".

Political risk could yet rear its ugly head. The industry has until April 30 to make comments on the proposals, which must then be passed by the Office *of Fair Trading, and by* the Department of Trade and Industry, which might by then *be controlled by Labour.*

John Authers

Inland Revenue

Your flexible friend

A NEW look Inland Revenue will be emerging over the coming months as the government's Next Steps and Citizen's Charter initiatives get fully into gear.

Some policies may be subject to change *depending on which* party wins the election next month, but many *developments* are already in train and are likely to proceed regardless of the outcome.

The most obvious changes beginning to appear are linked to the Revenue's adoption of the Citizen's Charter.

For the next tax year, it is committed to dealing with 90 per cent of all correspondence received from taxpayers within *one month, and at least* acknowledging receipt of letters for the remaining 10 per cent.

From the end of April, 17 tax inquiry centres around the UK will experiment with flexible opening hours, some starting at 8am and other closing as late as 8pm.

A programme for *redesigning leaflets and tax* forms has started, and the first new tax form – for appeals and postponements – will appear later this year. A new style of income tax form is expected to follow by April 1993.

A more fundamental change comes with Next Steps, an ambitious restructuring of the *operations of the Revenue* announced last year, which begins on April 1.

About 96 per cent of staff will pass from central control into 34 executive agencies. The idea is to divide the operations of the Revenue into small, focused business units, with devolved management responsibility and accountability. Each agency will have a named "customer service manager" able to deal with the public.

The initiative will not be immediately obvious to individual taxpayers, but they may benefit indirectly if the principle of improved efficiency and administration enshrined in Next Steps works as planned.

Phase two of Next Steps, unveiled earlier this month *and still under development,* would create a three-part structure of Revenue offices. There would be a series of local "taxpayer assistance offices", designed in a way officials compare to a travel agency or building society, attractively set out and located in city centres.

The offices would be staffed by employees able to offer basic advice, provide tax forms and leaflets, and make simple amendments to tax records such as adjusting an individual's tax code. The aim would be to allow problems to be dealt with on the spot.

Routine administrative work would be concentrated in a limited number of "service centres".

The centres would both send out tax assessments and process the returns, replacing the current system of separate *tax and collection offices in tax* districts around the country. New technology should help speed work.

In the longer term, Revenue officials hope to have a single named person to whom every taxpayer can turn to deal with their affairs.

Andrew Jack

Customs and Excise

Green light

BRITISH and other EC citizens should be able to gain speedier passage and carry more purchases across UK frontiers *as a result of Budget proposals.*

The moves come as part of an effort to harmonise Customs procedures across the EC as part of the single European market from the start of 1993.

The red channel at customs for those with goods to declare is to be all but abolished and replaced with what one official calls "a green channel with a red spot". Spot checks on the cars of EC citizens at borders will *also stop.*

Private individuals will be allowed to buy any reasonable quantities of alcohol and tobacco for their own consumption from other EC states (on which they will have paid duty at local rates) and bring them into the UK.

Paradoxically, as a result of lobbying by the duty-free *industry, duty-free shops will* continue to operate for departing passengers until *1999. Duty free limits* will remain in place until then.

At the same time, air passengers in transit may not have their baggage searched until they arrive at their final destination. Instead of Customs inspections at Heathrow, for example, they may take place at Manchester or other large provincial airports, which should *considerably speed processing* and reduce delays.

Non-EC citizens will still be *subject to existing restrictions.*

A.J.

BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Co-Operative Bank	Pathfinder	0800 616162	Instant	£1	10.00%	Mly
Northern Rock BS	Postal Acc	091 285 7191	Instant	£2,000	11.0%	Yly
				£20,000	11.50%	Yly
Leeds & Holbeck BS	Albion Postal A/c	0532 [illegible]	Instant	£50,000	11.60%	Yly
Allied Trust Bank	2 Mth Notice A/c	071 626 0879	2 Month	£2,001	11.46%	Yly
Birmingham Midshires BS	First Class	0902 710710	90 Day	£100,000	11.70%	Yly
Chelsea BS	Premier A/c 2nd	0800 272505	31.1.94	£10,000	12.0%*	Yly
Nationwide BS	Capital Bond	0793 [illegible]	2 Year	£10,000	12.30%	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	13.24%	Yly
National Counties BS		0372 742211	5 Year	£3,000	12.50%	Yly
Stroud & Swindon BS		0453 757011	5 Year	£100	12.50%	Yly
Exeter Bank		0392 [illegible]	5 Year	£250	12.00%	Qly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 580411	Instant	£1,000	9.90%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	10.00%	Yly
				£25,000	10.50%	Yly
Portman BS	Prestige Cheque	0800 373176	Instant	£50,000	11.25%	Yly
OFFSHORE ACCOUNTS (Gross)						
Portman Channel Islands	Channel Isls Acc	0481 822747	Instant	£500	10.20%	Yly
Co-operative	Investment 90	0481 710527	90 Day	£50,000	10.75%	½Yly
Yorkshire BS Guernsey	Key Extra	0481 719898	180 Day	£25,000	10.85%	Yly
				£50,000	11.35%	Yly
C&G Channel Islands Ltd	Guernsey Bond	0481 715422	1 Year	£10,000	10.65%	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0800 521546	1 Year	£25,000	8.70%	Yly
Liberty Life FN		081 440 8210	2 Year	£25,000	9.00%	Yly
Canada Life FN		0707 51122	3 Year	£50,000	8.80%	Yly
Liberty Life FN		081 440 8210	4 Year	£25,000	9.10%	Yly
Aetna FN		0800 010575	5 Year	£50,000	9.05%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	9.50%	Yly
	Income Bonds		3 Month	£2,000	10.25%	Mly
	Capital Bonds C		5 Year	£100	11.5%F	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	38th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

* Rate on Chelsea account fixed till July 1. This table covers major banks and building societies only. All rates (except guaranteed income bonds) are shown gross.
Fixed= Fixed Rate (All other rates are variable) OM= Interest paid on maturity. N= Net Rate. B= Bond.
Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich. Readers can obtain a complimentary copy by phoning 0692-585-808.

Married couples

Waiting game

WOMEN will have to wait to be certain that they will benefit from one of the measures in Norman Lamont's Budget.

His proposal to allow the transferability of the married couple's allowance has not made it into the Finance Act and so cannot become law under the present government.

The change was not due to *take effect until April 6 1993* in any case, so there should be time for it to be enacted if the Conservatives are re-elected. And Labour would probably implement the provision, if it wins.

Despite the introduction of independent taxation in 1990, the husband has continued to receive the married couple's allowance – hence its description by some working wives as the male chauvinist allowance, to use Lamont's quip.

Under Lamont's Budget proposal, married couples would choose *who should receive* the allowance, or split it equally between them. If they did nothing, the husband would continue to receive it.

At the moment, the allowance cannot be transferred to the wife unless the husband's income is less than his total allowances (when he would be unable to use it). The allowance is £1,720 for the 1991-2 tax year. This rate remains unchanged for 1992-93.

If you are a married working woman, should you elect to receive the allowance?

The one case in which it would be clearly to your advantage to do so is if you are a *higher-rate* taxpayer and your husband is being taxed at 25 per cent. This is because the threshold at which you are taxed at a higher rate will be raised.

Few couples are in this situation, though. Only 2.47 per cent of higher-rate taxpayers are married women. Inland Revenue figures for 1991-92 show there are 1.62m higher-rate taxpayers, of whom only 40,000 are wives. Many of these are likely to have husbands who are also higher-rate taxpayers. So, the number of couples who would find the change of material benefit to them is small.

If, however, both husband and wife are in the same tax band, splitting the allowance between them would mean that the base from which they are taxed will become level. At the moment, the husband benefits more than the wife, since he gets more tax relief. By *splitting the allowance,* the wife would be better off – but it will make no difference to the *couple's collective income.*

Where the husband is in a higher tax band than the wife, a couple will be better off if he continues to receive the allowance.

The declaration can be made on a form which tax offices are expected to issue in the summer, if the law is enacted by the new government. Wives would be able to claim half the allowance by right. The arrangement made would hold until another declaration was made, and the change in allocation would take place at the start of the following tax year.

Married couples who are claiming a higher allowance *because one or other is more* than 65 would only be able to transfer a maximum of £1,720.

Scheherazade Daneshkhu

MINDING YOUR OWN BUSINESS

A modern battle to keep museums competitive

Nick Garnett visits the Museum of Army Transport in Beverley, a business with a special collection of problems and advantages

THE VIEW from Teddy Penn's office window encapsulates a rather curious contrast. The massive Early English and Perpendicular architecture of Beverley's magnificent minster looks down on artefacts associated more with violence than with the good of the spirit. A Saladin armoured personnel carrier, a camouflage-green Bedford army lorry and an Army snowcat in operational white.

In this small Humberside market town, the Museum of Army Transport looks incongruously large. Stretched over three acres of a former tannery, two of the acres covered in, the museum houses 120 vehicles, some captured booty from the Gulf war and what is claimed to be the last of the largest (or at least the fattest) production aircraft built in Britain. Surrounding the site are miles and miles of fields and the North Sea.

"Many people thought it wouldn't survive," says Penn who has managed the museum since it was set up in 1983. "They thought I was a lunatic."

The venture not only casts light on the operational headaches of setting up and running a museum. It also shows perhaps the only way of attracting public funding and no-cost labour to a business project. The museum is a company, limited by guarantee, but with charitable trust status. It attracts £100,000 a year from Beverley council and can call on more than 60 non-paid local volunteers to supplement its paid staff of 20.

One exhibition on the supply of equipment to Russia through the Middle East during the Second World War was researched, put together and physically built by an unpaid volunteer. "Museums do need to make a profit though because they have to purchase exhibits," says Penn. Unfortunately, the Museum of Military Transport never has, underscoring the sometimes precarious financing of museums.

Purchasing exhibits was not an issue when the museum started. It already had them. Historic military vehicles had been brought together at the nearby Leconfield army base but space was short and the former tannery site in proved attractive. Almost all the museum's equipment, from early military steam trains to a 1940s mobile bakery sent out on active service to the Falklands, is still owned by the Royal Corps of Transport.

Penn, a 63-year-old former lieutenant colonel, negotiated the lease with the development company which owned the site. The local authority payed for the lease (£74,000 in the first full year) and the RCT loaned the collection.

The museum's management council is composed of two people from the army, two from the local authority and eight elected by the museum's 60 "members". Since the start, the Army has expressed little interest. "It has always been a matter of unhappiness that we haven't had Ministry of Defence recognition."

It took just six months to get the museum up and running even with only £3,000 available, apart from the lease money. The now defunct Community Programme funded by the Manpower Services Commission provided 75 people and the commission also paid for building materials.

Last year the museum attracted 100,000 people. Its total "income" was £300,000. This included a £93,000 council grant which exactly matched the yearly rent the museum has to fork out. Entrance fees contributed £120,000, the rest came from the museum shop (books, toys, aircraft models), the cafeteria and space rented out for conferences and lectures.

A workshop which handles outside contracts nestles at the back of the museum. One project is to restore Pink Panthers – garishly painted desert Land Rovers once used by the SAS. "You can buy a reasonable one in the UK for about £8,000, providing you can find them because only 70 were built," says Wally Dugan, a volunteer restorer. "The owner has a buyer in the US where they sell for about £37,000."

The Museum of Military Transport's outgoings show why small museums often find their backs to the wall. Apart from the rent, wages soak up another £90,000 or so. Yearly insurance premiums are £10,000, heating and light £25,000, office costs £10,000 and advertising £25,000, mainly through regional newspapers and radio stations.

Such museums can easily tip into crisis, a point underlined by what happened at the end of the 1980s. Penn left to run a local training company for two years. During this period, he says, wage costs got out of hand and a decision to put the cafeteria out to food contractors backfired when it started racking up losses. Penn returned two years ago though he is now working for free. He had been earning £8,000 a year as museum head, supplementing a similar-sized Army pension.

Dwelling on past victories: David Penn inside the Museum of Army transport

The museum is back on an even keel in spite of the recession which has cut customers. The total last year was about 25,000 down on three years ago. The venture must also raise a large chunk of cash to cover-in its sole aircraft exhibit, the dumpy Blackburn Beverley transporter.

"We have to put a hangar around it or it won't last," says Penn. "We've raised £20,000 so far." He is fond of the truncated whale shape and the poem written about it:

"So beware you budding birdmen
Lest you drop an awful clanger
Don't fly Blackburn's pet abortion
Better try to fly the hangar."

Penn believes the museum has a duty to restore equipment, undertake research and provide help with the school curriculum. "I like to think we are also a bit of a science museum."

He is wary of treating the venture as a hobby. "You can get too carried away. You know, saying it would be a lovely museum if only you didn't allow people in."

Penn is not an aficionado of military vehicles and enjoys running the museum as a business rather than "museumology" for its own sake. He has learnt a few marketing tricks in the process – which might help him in his quest for employment outside the museum. Takings from school trips in the shop alone three years ago were greater than the total take from school visits last year. In January, Penn scrapped entrance fees for school visits and school numbers jumped by a 50 per cent.

Museums like Beverley will always suffer from one weakness. "They are not businesses where you can demand a high price for their products." (Adult entrance fees are £2.50.) But they have some advantages. "It's like a big family here." A lot of fun too, especially during the live vehicle demonstrations the museum holds in the summer. "Finding an unused car and rolling a tank over it is always good for a laugh."

■ *Museum of Army Transport, Flemingate, Beverley, North Humberside HU17 0NG. Tel: 0482-860445.*

It's harder starting over again

Chris Tighe meets Rob Askew, whose strategy to save the family firm put a strain on the family

BUILDING a new business is hard work but restructuring a venture which, after decades of trading, has become vulnerable can be harder still.

The path that led a graduate chemical engineer to start making Alphorn covers for the German market was never going to be uneventful. But unforeseen problems, personality clashes and the recession have made for a bumpy ride since Bob Askew leapt into the unknown and joined Tyneside Leathercrafts two years ago.

The South Shields company was founded in 1937 by Eddie Brumlick, a Viennese Jew who had fled from the Nazis. It was bought in 1960 following Brumlick's death by a friend, Albert Askew, a foreman in a company making telephone exchange equipment.

Under the management of Askew and his younger son Rodney, who joined the business in 1971, Tyneside Leathercrafts expanded into a substantial small company with 60 employees and turnover approaching £1m a year.

Within its speciality niche – musical instrument covers and straps, military and marching band belts and harnesses and upmarket sports bags and accessories – it achieved a strong national profile. In some product areas, such as PVC musical instrument covers, it enjoyed a virtual UK monopoly.

Two years ago Bob Askew, elder son of the by-now-retired Albert, agreed to join the business to bring to it the management skills he had acquired setting up and running a successful burglar alarm company after leaving chemical engineering. It seemed, he says, that Tyneside Leathercrafts was simply too big for his brother to manage alone.

Six months later, after bitter clashes over management style which have left them, to their elderly parents' chagrin, barely on speaking terms, Rodney walked out.

Rob says he realises that he and his brother could never have worked together. He also admits that before committing himself he would have appraised the company more keenly had he not been dealing with family.

Rodney denies his brother's claim that the business was in a mess. But he admits he had been trying to do too much at once. "With hindsight the company grew too quickly and too large," he says.

The problem, says his brother, was that the business lacked the management systems to cope with its size and 4,000 product lines. Consequently overheads and pricing policy were out of control, delivery times awry, stock control deficient, cash flow hand to mouth and marketing haphazard. And, he says, some customers, disgruntled at long delays, were going elsewhere just as the recession began hitting orders.

Compared with this the problems of fledgling companies look modest. "If you start up a business you can gradually grow," says Askew. "I had to look at everything at once."

Staff was pruned from 60 to 25, helping to cut overheads by 50 per cent. Product lines were cut to 1,000 to introduce a degree of standardisation. The pricing structure was overhauled; a few prices were cut, others had to rise.

"I put my cards on the table, I said it's a case of us going bust or we have to charge realistic prices," says Rob. "A lot of our customers said they never knew how we could charge such low prices in the first place."

Without drastic change the business might well, he says, have succumbed to the recession as monthly sales nosedived from £90,000 in 1989 to £45,000 in 1991.

The company is now, he believes, on a firm footing and should make a small profit on turnover of around £600,000 in the year to May 1992. Now his aim is to widen the customer base, currently 95 per cent regulars, by creating new products.

A designer recruited from Burberry has come up with a stylish range of holdalls which are about to be marketed. Rob, a German speaker, scored an unexpected bullseye at last year's Frankfurt Music Fair when he offered to design and make Alphorn covers for a German distributor. Forty have been sold so far and the US market beckons.

"Had we not had the recession I would have been sailing now; with the recession all the measures I've taken have meant I was able to stand still," he says. At 44, he is working 50 hours a week for £250. He has remortgaged his home to raise £85,000 for the business.

So has it all been worth it?

"Ask me in six months time."

■ *Tyneside Leathercrafts, Shaftsbury Ave/Amos Place, South Shield, Tyne & Wear. Tel: 091-455-2756.*

A solicitor's paper chase

ONCE A firm of solicitors has been paid all its fees and has issued a receipt:

1. Can it be asked to issue all the relevant papers to the clients, not simply a photocopy of the notice of probate being granted?

2. What papers would be involved in the case of my wife who, as sole heir, inherited the right to purchase a council house that her late mother lived in and nothing else since the balance of the "estate" was negative?

3. Would the solicitors be entitled to make further charges to issue these papers to my wife?

4. To which institution, and department, we should address any further questions?

■ 1. Yes: the papers should be delivered to whoever owns them.

2. Your wife would be entitled to all papers concerning the house to which you refer and all other papers if your wife was also the residuary legatee (i.e. entitled to the balance of the estate, if there had been assets which exceeded debts).

3. We would not expect the solicitors to make a further charge on handing over the papers, especially if your wife is prepared to collect them.

4. The Solicitors' Complaints Bureau, Portland House, Stag Place, London SW1.

Appealing to the taxman

CAN YOU please give details about appealing to an independent tribunal re: the inland revenue.

What is the address? Are there specific forms? Can more than one year be referred to?

■ A free pamphlet on tax appeals (IR37) is obtainable from your tax office, or from any convenient tax office. (The special rules for Northern Ireland were abolished by the 1988 Finance Act, with effect from April 1989.)

Generally speaking, an appeal against an assessment should be given within 30 days of the day on which the notice of assessment is posted to you; and should incorporate an application to postpone payment of the amount of tax which you consider is not actually due from you; you should set out your reasons, briefly.

On the other hand, the 30-day time limit for giving notice of appeal against the refusal of a claim does not start to run until the notice of refusal actually reaches you. (This inconsistency appears to have no logical basis: you may like to ask your MP to enquire why the time limit in section 31(1) of the Taxes Management Act 1970 is a few days shorter than that set out in section 42(3) even ignoring the three-month time limit in the proviso to that subsection)

Notice of appeal should generally be given to the tax office which sent you the notice which you are appealing against. If you have not been sent an appeal form, you can simply give notice by letter.

We are not quite sure what you mean by your third question: If you mean "Can appeal notices for more than one year be included on a single sheet of paper?", the answer is Yes.

If you cannot reach agreement with the tax inspector, then it will generally be necessary to appear before the General (or Special) Commissioners to argue your case. In some circumstances, however, (where the point in dispute is one of interpretation of a specific statutory provision) it may be possible simply to submit written representations for consideration.

If the tax inspector is dilatory in responding to your notice of appeal or subsequent correspondence, you can always take the matter out of his hands by asking the Commissioners' clerk to put your appeal on the list for hearing (explaining that there has been unreasonable delay by the *inspector).*

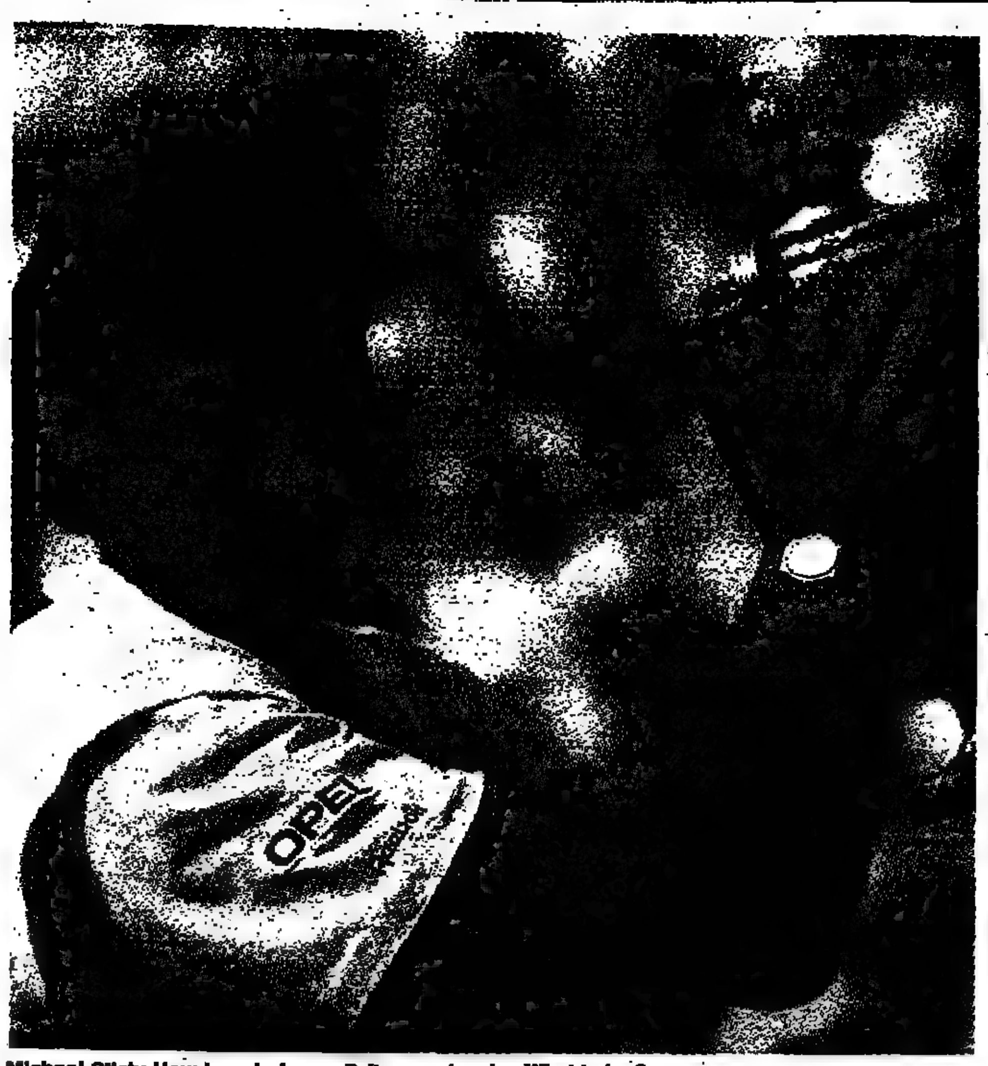
Deposit protection

A RECENT reply in Q & A *Briefcase* (protection for a joint account) explains how each depositor in a joint account is protected by the Building Societies Act 1986.

Can you tell me if similar protection is offered to each joint account holder in a) British mainland banks and b) bank and building society accounts in Jersey and the Isle of Man covered by their own schemes?

■ Joint account holders in mainland banks are each covered as to 75 per cent of the first £20,000 deposited. In other words, a husband and wife account would be covered in respect of 75 per cent of the first £40,000, with a maximum of £30,000.

There is no deposit protection scheme in Jersey. The Isle of Man has a similar scheme to that on the mainland, with the provision for joint account holders the same.


Michael Stich: How long before a Briton again wins Wimbledon?

Tennis/John Barrett

A sleeping giant stirs

TIME FOR a trivia question: what do Hove and Newcastle have in common? Not much, you might think. But these two important population centres, at opposite ends of England, have recently joined 18 other UK towns and cities where inhabitants can enjoy a relatively inexpensive game of indoor tennis in comfortable surroundings.

In the past five years, the Indoor Tennis Initiative (ITI), a joint venture in which grants from the Lawn Tennis Association, the Sports Council and the All England Lawn Tennis Club have initiated an investment of £22m in new facilities by local councils, has created 88 new tennis courts.

This brings to approximately 500 the number of public and private indoor courts available to the UK's 57m inhabitants, an encouraging figure at first sight. But when you discover that, by the end of 1990, there were more than 6,000 covered courts in France (population 57m), 3,265 in Germany (79m), 3,300 in Holland (15m) and 1,500 in Sweden (8.5m), you see how far behind Britain is.

You start to understand why there are currently nine Frenchmen among the top 100 ranked men in the world as well as six Germans, six Dutchmen, seven Swedes ... and no Britons.

Ian Peacock, the LTA's executive director, has no doubt there is a correlation between international success and opportunity. "It is a numbers' game. If tennis is to become a truly national sport in Britain, as it is throughout most of Europe, then we must provide sufficient indoor facilities so that every boy or girl with the talent and the ambition to succeed has somewhere to play close to home."

The really encouraging thing about Phase I of ITI is that all the centres report extremely high court usage. The appointment of a development officer at each pay-as-you-play centre, funded 50 per cent each by the LTA and the local council, has introduced a whole new stratum of the population to the game's joys.

'The private clubs are the weakest part of the British game'

Thanks to an additional injection of £500,000 from the Foundation for Sport and the Arts (FSA) in 1992, Phase II will get off to a flying start. If their support continues, grants totalling £10m over the next five years will generate an investment of £30m in new facilities.

Despite their lack of cash, local authorities seem to have become aware of the benefits of providing cost-effective centres that are both popular and self-financing. There are seven more active schemes in the pipeline, says Peacock. Admirable as this is, it is pitifully inadequate by comparison with what has been going on in Europe and North America these past 30 years.

This would not be so bad if the UK had a healthy club structure. But the 2,500 private clubs affiliated to the LTA are the weakest part of the British game.

Too many are small local clubs with too few courts where facilities are rudimentary and juniors considered a nuisance – the sort of place where Joan Hunter Dunn would have enjoyed a social set or two. Of the larger clubs, too few have invested in covered courts.

Traditionally, the members have always concentrated on doubles, not singles. That is why the country-wide support for the new National Club League, based on the successful European model with emphasis on singles, is so heartening. More than 2,500 men (in 600 teams) and 1,500 women (360 teams) will be competing this year, and numbers may double within three years.

The British Tour – 22 tournaments over a 12-month period offering crucial competition for young Britons – has been another imaginative enterprise. The brighter home players are responding well to the challenge. No one has grasped his opportunities better than Chris Wilkinson. This persistent 22-year-old from Southampton reached three finals on the recent British Satellite circuit to lift his ranking from 365 a year ago to a present career-high of 168.

Coming on top of Jamie Delgardo's victory in the Orange Bowl 14's, (the first success by any British player in these unofficial world junior championships), there is the unmistakable impression that a sleeping giant is beginning to awaken.

There is a new spirit abroad, thanks to an injection of confidence from the likes of Tony Pickard (who put the backbone into Stefan Edberg), Billy Knight (was there ever a more courageous fighter?) and Ian Barclay (who taught Pat how to Cash-in). Ann Jones, Olga Morozova, and now Sharon Walsh, are having the same effect on the girls.

The structure at grass roots has never been better and is improving all the time although Gilly Crump, new director of schools tennis for the LTA Trust, is under no illusions about the difficulty of changing people's attitudes to a game that still has an aura of snobbishness about it.

"There are some very good people out there, but it's a bit like being a missionary, trying to persuade people that tennis is a game for life," she says. "We are busy building the base of the pyramid."

Undoubtedly, this is the right approach. How long it will be, though, before tennis rivals football in popularity, as it does now in Germany and France, is anyone's guess. The thing that would accelerate the process magically would be the emergence of a British Borg or Becker to hold aloft the Wimbledon singles trophy.

Thai Boxing/Justin Wintle

The sheer beauty of violence

WHAT BEGINS as ballet finishes as all-out war. I am sitting a few feet from the ring at the Ratchadamnoen stadium as the main bout, listed sixth on the evening's programme, begins.

The two boxers, stick-lean and muscle-sculpted, enter their respective corners, red and blue. Their pants are baggy. Around their heads are *mongkol* – lucky charms. They walk around the ropes, touching them and pushing their heads against the four posts in prayer. Then they kneel on the canvas and offer further supplications.

In particular, respect is given to their trainer-managers, and to their ancestors; in general, to the Lord Buddha. Then they rehearse their moves. Before withdrawing to their corners they pirouette slowly and with the utmost grace. The referee reminds them of the rules.

Thus the bout begins, signalled by the sudden onset of music: a live orchestra of drums, tambourines and wailing pipes sets up a pulsating clamour, though this is apt to be drowned by the migraine-inducing cheers and jeers of a crowd 6,000-strong.

In the early stages of the contest there is much prancing and little else. By tradition the first round is for show only, as the two men size each other up.

Of the two, Red, a Hat Yai man, is the more cocky and prances more menacingly, although both tap the canvas with their bare feet in rapid bursts. Blue is from the North-East, I-San, and is, I am told by the man seated next to me, a specialist in elbow-work. He bides his time, lets Red advance a little, even lets him offer two jabs with his fists and three with his knees.

"You wait," says my companion, Somchai Thanavong, editor of Thailand's leading Thai boxing magazine, but better known to his readers as Khun Lek. "Blue is preparing some beautiful moves." Yet just as the pugilists begin to show a serious interest in each other, the bell goes.

The second round of five, commencing after a three-minute interval, is full of close clenches and vicious knee-jerks to the rib cage and stomach as each struggles to contain the other's acknowledged advantages. Red won't let Blue use his elbows, and Blue is suspicious of the length of Red's southern leg.

Meanwhile, the crowd becomes hysterical. It is hungry for beautiful – and violent – moves. One minute into Round 3, Blue obliges. He eludes Red's hugging arms and delivers two cracking elbow cuts to his opponent's jowl. Red reels back and Blue seizes the moment, smothering Red's face with blows.

Red looks out of it. Briefly the referee holds Blue back to study his features. But Red's eyebrows are still knitted in ferocious concentration, and the fight restarts. For as long as it continues to be a fight, neither man will once take his eyes off the other. Blue resumes the onslaught, now bringing in his knees and feet, crunching Red's hips with dreadful side-swipes. With the crowd now ready for the kill,

Girlfriends are discouraged: 'Too many girlfriends destroy the legs'

Red staggers back, but then, in the most awesome counter-attack I have ever witnessed in any sport, Red holds his ground and unleashes one huge kick to Blue's neck, cleaving the air in a terrible arc.

Blue has no time time to register surprise or shock. He simply drops to the floor – and that is the end of the evening's principal bout. There are three more fights, all of them a little scrappy but still bloody enough. One fighter is even disqualified for "not showing enough heart", or, as Khun Lek puts it, for "fighting like a Chinese opera."

Thai boxing, which supposedly originated as a form of weaponless self-defence, claims to be the king of manly arts. Conventional boxers can do little against its ferocious combination of fists, elbows, knees, thighs and feet.

In Bangkok alone there are 300-odd boxing camps, in the country at large, several thousand. The sport is a national obsession, as well as big business. A key element of the entertainment is to observe the frantic placing of bets among the crowd.

A complex code of hand signals makes for an atmosphere redolent of the Tokyo Stock Exchange at the climax of a bear market. In a few seconds many thousands of dollars can be staked by several hundred spectators, even though it is common knowledge that fights are regularly fixed.

It is this conjunction of aggression, skill, money and sheer noise that makes Ratchadamnoen, built on land belonging to the royal family but run by a private consortium, the place to be of a Bangkok night. Casinos and other forms of gambling are outlawed in Thailand, but ringside betting is tolerated.

Hence, in part, the sport's gigantic popularity. But there are other reasons, too. There is the blatant physical arousal of the human cock-fight, although style and even looks are valued by the spectators far above mere strength. At school, every boy is expected to learn Thai boxing, so there is a built-in universality, reinforced by the pre-fight ritual.

There is also, in a country primed on nationalism, an awareness that Thai boxing is something the Thais themselves have created, and is thus to be specially savoured.

At Kiat Baan Chong camp, deep in the city's north-western suburbs, I watched a score of young males, 18 to 23, working out in an open-air gym. The temperature was in the low 30s, and humid with it. They are expected to put in two three-hour sessions per day seven days a week, and it is two years before they enter a competitive ring.

First they must hone their physiques, and co-ordinate their punches with their kicks. Girlfriends are discouraged: as Khun Lek told me: "Too many girlfriends destroy the legs." The rewards, though, are rich. Boxing is a respectable way out of poverty. At Ratchadamnoen Stadium the minimum fee is around $400. But extra, off-the-record purses are also offered. These can amount to $10,000, much more for championship contests. In Thailand this is enough to live on comfortably for a year at least, even after a 40 per cent cut has gone to the sponsoring camp. Provided he is not injured, a boxer can fight once a fortnight.

They are in it for the money, of course; but there is another motive as well – animal pride, you might call it, or vanity, or male chauvinism in its purest form, or even the pursuit of a particular kind of excellence.

"You see", says Khun Lek, "in Thai boxing there is no distinction between amateur and professional. To the Thai mind the idea of being an amateur at anything is an anathema. Nor is there any room for anger, however fierce the boxers may appear in the fourth or fifth round. If he loses control of his emotions, a boxer is useless. And avarice is one of the emotions."

Correction

Last Saturday, John Hopkins wrote about Dudley Wood, secretary of the Rugby Football Union. During editing, the word "English" was prefixed to the RFU's name. This was incorrect.

Fishing/Tom Fort

Dreams of salmon in a foreign land

THERE is a certain species of smile, part shame-faced, part trumphant, which is produced by undeserved and unexpected good fortune. I saw it the other day on the face of a man I know and like who runs a first-rate tackle shop in Reading, Berkshire. He had just returned from a week in Scotland, fishing the Deveron, and his smile told me as much as I wished to know. At the end of a season of drought, he had hit it just right. He and his companion had caught 17 salmon in a week. Not bad, eh?

Indeed, I thought savagely. That's only 95 per cent more than I've caught in my whole life. Four of my career total of nine came in one morning, and three of those had to go back because they were late-season kippers. I felt like gaffing him but, instead, managed a muted congratulation.

He asked me how I had fared in Ireland and an involuntary groan escaped me. For I had just come back from a long and keenly-awaited excursion to the Republic with nothing more substantial than a familiar and impatiently-received tale of failure.

The contrasting experiences of my tackle-dealing friend and myself encapsulate the swinish character of salmon fishing. He is, of course, a far better fisherman than me. But there is more to this monstrous disparity than that.

My friend was in Scotland; it rained; he caught fish. I was in the Republic of Ireland; it did not rain (or not enough to do any good); I caught nothing. That success and happiness should depend on the willingness of some suitable weather system to drag itself in the right direction at the right time is simply not fair. But it is the name of this particularly bloody game.

Having had my gripe, I still insist that the reasons which took me to the Blackwater were sound. What is more, once a new season has come round – and assuming I have managed to ingratiate myself with a stern Providence – I intend to go back to it. It remains my belief that, given a modicum of good luck, it offers as good a chance of decent salmon fishing as any river to which access is possible.

Two years ago, the 12 miles of the Blackwater owned or rented by the Blackwater Lodge Hotel, at Upper Ballyduff in Co. Waterford, produced nigh on 1,500 salmon.

Last year, the total was 1,200. This year, it has been rather less than a third of that. No wonder the faces in the bar were as dark and twice as long as the pints of stout.

Being hotel water, it is fished hard. When I was there, the occasional salmon was still being lured from the paltry flow of water, most of them on horrible purple shrimps. A chum, who came down from Dublin to keep me company, caused a minor stir by employing a fly to catch what was, at two pounds, quite the smallest salmon I have ever seen.

I fished a couple of the Blackwater Lodge beats, both of them with a nice variety of water, both of them normally full of fish. I never felt I was in with a significant chance. I breathed the soft air, admired the cows, enjoyed the rhythm of casting and listened to the lamentations of the regulars. The sixth sense, the one which activates expectation of action, was at all times dormant.

Elsewhere, the river was little disturbed by the tread of desperate anglers. The Careysville beats at Fermoy, below the Duke of Devonshire's handsome Georgian lodge, were untouched. At Mallow, the locals had packed it in six weeks before to wait for the rain which never came.

It can't be as bad again, they said, and I believe them. And the time to go, I was informed reliably, was not September but June. The small summer salmon, the grilse, should then be running the river in numbers sufficient to give anyone hope. And if, unthinkably, this bounty should again be withheld, the area at least offers consoling alternatives in the wonderfully-challenging trout fishing on the Suir and a gaggle of lesser streams.

There is, anyway, nowhere I would rather fail to catch fish than Ireland – and few rivers better able to offer comfort in failure than the Blackwater. It is a grand piece of water, flowing through enchanting countryside, and you do not have to be a plutocrat with friends in high places to fish it. Much of it is accessible to the visitor, whether the hotel water or the beats let by Peter Dempster Ltd from Conna, Co. Cork, or (at the top end of the market) the Careysville fishery; all of it within an hour of Cork airport.

The salmon fly rod is now hanging from its nail and the reel is in its bag. The time for action and heartbreak is past, the time for dreaming is arrived. In one of those cheering visions, I am standing with a smile quite as triumphant as that of my friend, the tackle-dealer, with my first Blackwater salmon at my feet.

Motoring

Mercedes makes it easy

IT WAS, one felt, what the planners had in mind when motorways were invented. The A26 Reims-Calais autoroute was so peaceful that I reckon it was carrying no more than 500 vehicles an hour when I drove along it last week. No road could have been safer and less stressful.

Would the French police turn a blind eye to the 81 mph (130 kmh) limit being bent just a little? I believed they might. So, I set the cruise control for 86 mph (140 kmh), at which speed the Mercedes-Benz 300SE's tachometer read 4,000 rpm precisely.

Drivers who think all motorways must be like Britain's congested M25 and M1 will find it hard to believe but I was able to hold this speed for more than an hour. Not once did I have to touch the brake or even reduce engine power by easing back the cruise control lever. And, no, it was not in the small hours but the middle of the day.

The double-glazed, air-conditioned Mercedes loped along with as little background noise as you would find in an airliner's business class. Could I have chosen a better car to drive to Geneva and back for the motor show? I thought not.


The whisper-quiet Mercedes 300SE . . . even the clock has hands

The new S-Class cars are big – longer than a BMW 735i, Jaguar XJ6 or Lexus LS400 and only six inches shorter than a Rolls-Royce Silver Spirit. They are wider inside and have a bigger boot than any of their potential rivals.

Engines range from the 300SE's 3.2-litre, 231-horsepower in-line six to 4.2-litre (286 bhp) and five-litre (326 bhp) V8s and the 600SEL's mighty six-litre, 408 bhp V12.

Prices start at £43,700 and go up to £89,600, although this is not the whole story. The 300SE I drove would have cost around £51,500. Its leather seats, metallic paint, cruise control, automatic climate control, alloy wheels and radio/tape player were extras, although such things tend to be included as you go up-range.

From the outside, there is no way of telling a 300SE from a 400SE or 500SE. A 600SEL stands out only because it is slightly longer. And a new S-Class saloon does not look as big as it really is. You notice its bulk only when driving on narrow roads, in dense traffic and, particularly, when parking in a multi-storey.

Then, you bless the little rods (like mini-aerials) that pop-up automatically from the rear wings when you select reverse and mark the car's extremities. They make backing into a bay less of a problem but, with rear bumper touching the wall, you find the front one is still up to a metre beyond that of a lesser car parked alongside.

The 300SE rides superbly. The occasional small jolt when one of the 60-series, low-profile tyres drops into a pothole comes as a reminder that the Mercedes is running on, not just above, the road surface. Handling, too, is supremely good, whether on sweeping bends or the hairpins of a mountain pass. The generously power-assisted steering is light for low-speed driving, precise when getting a move on.

Stuart Marshall takes a cruise in the 300SE

The massive seats, with the most resilient upholstery I have encountered in any Mercedes, made the entire 1,200-mile (1,930 km) return trip to Geneva a pleasure, never a penance. Inside, the ambience is an agreeable blend of soft leather and wood-veneered luxury with practical controls and traditional instrumentation. Even the clock has hands.

Driven hard, the 300SE will reach 62 mph (100 kmh) from a standstill in nine seconds, and the top speed is said to be just over 140 mph (225 kmh). A 3.2-litre engine has to work energetically for a driver determined to exploit an almost two-ton car's performance to the full. Kick down into third or second on a hill and you find the in-line six is subdued but no longer near-silent.

Mostly, I drove with an eye on the instant fuel consumption meter. Every car should have one. The sight of the needle moving from, say, 30 mpg (9.4 l/100 km) to 10 mpg (28.2 l/100 km) during fierce acceleration when overtaking is salutary. So is the difference between 35 mpg (8.07 l/100 km) when cruising at 65 mph (105 kmh) and 25 mpg (11.3 l/100 km) at 80 mph (128 kmh). I was pleased, although not too surprised, that my light-footedness was rewarded by a consumption of 21.5 mpg (13.45 l/100 km) for the whole trip.

Up the Batang Baram river by express boat: Simon Vail on the roof, watching the world go by

Once bitten by the Borneo bug

SMALL BLACK ants dismembered a white moth and hauled the wings down a dark crack in the wooden floor. Pale-bodied geckos stalked the walls of the hut, while a generator hammered into the forest night at the foot of Gunung Mulu mountain, the base for exploring limestone caves tucked behind the Brunei border in Sarawak, eastern Malaysia.

The Gunung Mulu caves are among the largest in the world, but little-known and little-explored. They lie a day's journey up the Batang Baram river from the coastal town of Miri in northern Sarawak, although both the journey-time and the adventure will diminish when an airstrip and multi-storey hotel open in the Gunung Mulu National Park this year.

Tourists can already fly halfway to the caves. A 20-minute flight from Miri to the river town of Marudi replaces a jarring three-hour trip by express boat. VIPs and executives hire helicopters, but the rest of the population travels through the rain forest as it always has done – up the Batang Baram river, which follows the border with Brunei.

The express boats travel at great speeds, powered by enormous Cummins diesels. Air-conditioned passengers recline inside a claustrophobic steel cabin, which has only two narrow exits, usually blocked by bags, chickens, suitcases and the odd 4 ft blowpipe.

I preferred to sit on the roof, watching the green forest roar by.

The express boat nosed into the river bank at remote logging camps, picking up passengers and dropping off cardboard boxes of supplies, before hurtling up the loops and whirls of the river.

Our helmsman, who peered out of a tiny cockpit at the prow of the express, missed a stray log. It hit the hull with a bang and damaged the propeller. The boat wallowed in the brown water until we were rescued and transferred, in mid-stream, to another express.

The expresses travel up-river until it is too shallow. At the small settlement of Long Panai, where a long house and huts stood in a clearing by the river, I was bundled off the express and into a small wooden boat. Nixon the driver gunned an enormous outboard motor and the cockleshell shot between rocks and branches. Cold rain beat into my face and misty clouds hung round the peaks of Gunung Mulu.

Where it is protected, virgin rain forest soars into the air, the straight-boled trees forming a natural canopy. But where the trees have been logged outside Sarawak's parks, a tangle of matted vegetation forms as secondary forest – assumed by most visitors to be natural rain forest.

My guide, Richard, took me to Clearwater cave, where a very loud party of Chinese tourists were eating lunch on raised wooden walkways. Away from the noise and inside the looming darkness stood stalagmites and limestone formations. Cockroaches burrowed into rock-hard piles of guano. The stench of ammonia filled the air. Bats hung in their thousands overhead. Richard picked up a squirming millipede and squashed it, his hand glowing from a luminous secretion.

The caves are vast, but huge caverns like the Sarawak Chamber are only accessible to serious cavers. At Deer Cave we left the tourists behind and set off for the Garden of Eden. We walked for half-an-hour up and down a wooden walkway on the floor of the cave, and scrambled over slippery boulders. Eden was a cold river with crystal water, towering trees and a soaring cliff face. That evening we waited for the bats to fly out from the cave to begin their nocturnal search for food, but they weren't playing.

I returned to Miri by boat and travelled by bus to Batu Niah, 100 kms south along the main road which follows the Sarawak coast. The Niah caves excited great interest when its Painted Cave yielded the remains of 40,000-year-old *Homo sapiens*, although the site is now sadly neglected behind a crude barbed wire fence. Ancient orange paintings surround the remains of wooden ships of the dead, but the wooden boats are breaking up, apparently forgotten by the park authorities.

Official permits are solemnly issued at park headquarters, but not a guide was to be seen anywhere on the sweaty 3 kms walk to the caves themselves. A high steel fence bars a narrow entrance to the caves and is meant to deter illegal nest collecting. But the gate in the fence is unlocked, and the nests of swiftlets are collected day and night.

Young boys swarmed up flimsy bamboo poles and scaffolding to scrape the nests from the roof of the caves. Their helpers, up to 100 m below, collect the glutinous fragments in plastic bags. The floor of the cave was littered with the collectors' old batteries and torch bulbs.

Modern Malaysia and the tourist industry is removing the mystery from Borneo – the swiftlets are almost certainly decreasing in numbers. But ancient Borneo is not quite finished. A friendly insect fell down my shirt and squirted burning acid on to my shoulder. A black scab formed, unalleviated by the Axeoil potion carried by my Malaysian companion. It was the bite of the Borneo love-bug, he said. The mark has yet to fade.

Simon Vail

The buckle of Florida's bible belt

***Tim Burt** looks at life on the Redneck Riviera*

SCHUBERT Miles is frightened of ostriches. Sitting on the porch of his ramshackle farm, he pushes back his baseball cap and warns: "Never trust an ostrich. Their toes can kill – rip a man wide open." At 80 years old, Schubert is not as light on his feet as he was, so he makes sure his wife Daisy is ready with a stick when he feeds his big African birds.

Feeding time at Miles Feather Farm, a private aviary deep in the forests of north-west Florida, is done by the book – the good book. Daisy always says grace before breaking the bread and pushing it into the bird cages.

Her greatest conversion is Tinker, an ageing parrot who lives in a Kentucky whiskey barrel. He screeches "Praise the Lord" and "Amen" when he is fed. Schubert rarely plucks Tinker these days; he prefers to teach him the gospel instead.

Reciting the Lord's Prayer to a parrot may seem eccentric in a state better known for Mickey Mouse and the Everglades, but it barely raises an eyebrow in DeFuniak Springs, the old lumber capital of the south. This town is the buckle of the Florida bible belt, and religious pets are nothing new.

Stretching from Pensacola on the Alabama border to Tallahassee, the state capital, the bible belt boasts churches in all shapes and sizes – First Baptists, United Methodists, Assemblies of God, Abundant Life Pentecostals and Seventh Day Adventists. Roads across the region, nicknamed the Panhandle, are lined with evangelical billboards exhorting motorists to pull over for a service. "Trust in God," says one; "Have you been saved?" asks another.

'God has lost his grip on one part of the Panhandle: the coast'

Schubert Miles thinks he has been saved already – saved from tourism, Florida's largest industry. State regulations protect the forests of the Panhandle and ensure that farming and the local chicken processing plant remain more important to DeFuniak than holidaymakers. Giving thanks, Schubert says: "This is God's country. Let's keep it that way."

Even Adventures Unlimited, the only company allowed to rent canoes and kayaks in the Blackwater Forest, gets most of its business from the Lord. Church groups like nothing better than to canoe downriver for a weekend retreat on a deserted sandbar.

Paddling gently through avenues of pine and cedar, you hear the church groups before you see them. It is unnerving to recognise a chorus from *Onward Christian Soldiers* wafting round a U-bend in the river; it is even more scary to feel the eyes of a dozen devotees regarding your kayak with horror as they spy the Budweisers weighing it down.

God, however, has lost his grip on one part of the Panhandle: the coast. Several towns lining the seashore have put their faith in tourism and their devotion has spawned a string of brash resorts and amusement parks. This is the Redneck Riviera, a popular haunt for holidaymakers from Alabama and Georgia.

The riviera has alarmed residents in the Panhandle who fear the coastline could disappear beneath high-rise hotels and gaming arcades. Even Seaside, a new holiday village praised by Prince Charles for its traditional architecture, has failed to impress them. Its pastel-coloured cottages and fine white beach may be pretty "but where are the churches?", asks one visitor from DeFuniak Springs.

There is no shortage of altars in the lumber town 25 miles north of Seaside. The Baptists alone have 10 churches and their congregations command enough votes to persuade the town council to adopt teetotal policies, such as banning all alcohol advertising. The town's most famous baptist took the whole state by storm. Sidney Catts, a local minister, ran for governor in 1916 as the champion of the Panhandle's farmers, nicknamed the crackers. Campaigning with two loaded pistols, he proclaimed: "There are only three things you can trust in life: Sears Roebuck, the Lord Jesus and Sidney J Catts." He was duly elected as the "cracker messiah".

His individual brand of conservatism survives in DeFuniak, where he died in 1936. Sunbright Manor, his former home, has been converted to a B&B but still serves the food Sidney enjoyed: grits, ground corn in hot water and melted butter.

Sleeping in the governor's bedroom, it is easy to understand why he always slept with his pistols beside him. At 2am each morning an artillery barrage opens up outside – far away at first but steadily louder until it sounds as though war has broken out.

The cause is the adjacent Louisville and Nashville Railroad. Its nightly freight train rumbles across the state like a mobile cannon. The noise is terrific and the locomotive's horn sounds like an air raid siren.

The thunder dies slowly as the train heads eastward but it is often followed by a genuine thunderclap. In the Panhandle electric storms are almost as regular as train services. And across Florida more people are killed or injured by lightning than in any other US state.

Towns like DeFuniak, however, have a natural storm warning – lovebugs. These hairy insects congregate in droves before a storm but not everyone welcomes their arrival. Their bodies are so acidic that they eat right through metal and they have been blamed for corroding cars.

Residents in the Panhandle try all sorts of weird practises to deter them. They fit "carbras" over their radiators and it is not unusual to see a motorist massaging baby oil into his Pontiac. Lovebugs skid right off your bonnet if it is greasy with moisturiser.

Frequent storms and the insects preceding them are not mentioned by campaigners hoping to kickstart tourism in DeFuniak Springs. They concentrate, instead, on the town's history as the 19th century cultural centre of Florida when it hosted the Chautauqua arts festival.

The annual festival, held to attract Sunday school teachers, filled a 4,000-seat auditorium beside DeFuniak's perfectly round lake. But the festival died in 1925 and with it the town's association with the arts.

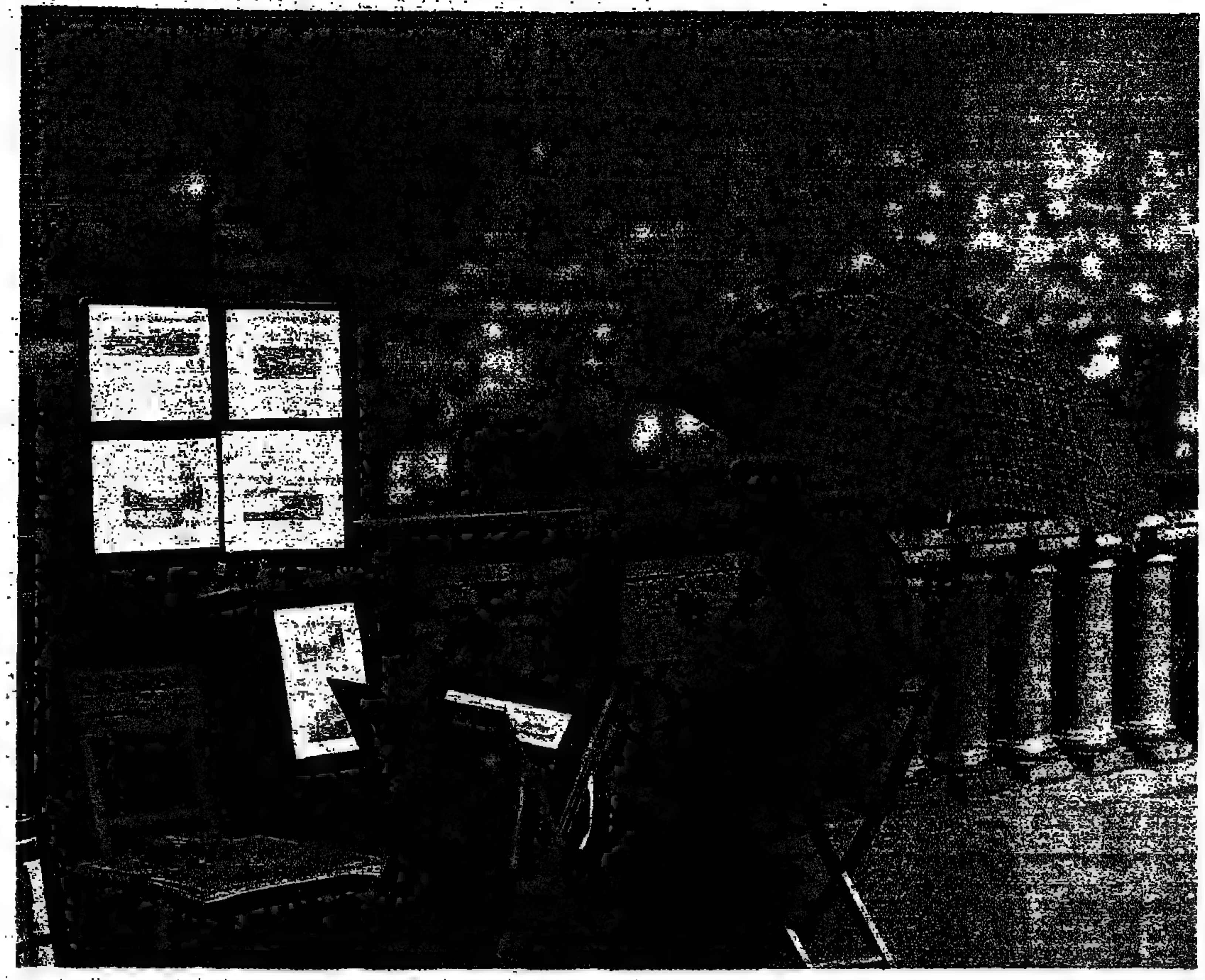
The auditorium, once the largest in the South, has been demolished, but the lake is largely unchanged and the lack of new development has left most of the old mansions around it intact. Tourism campaigners want to open these houses to tour groups but Father John Fowler, DeFuniak's elderly episcopalian pastor, says "they don't have a Chinaman's chance".

Father Fowler blames the town council for resisting moves to attract holidaymakers. "This town has been taken over by a bunch of southern boobs who haven't the faintest idea about tourism. They don't want change, they just want religious salvation. It's a shame. Places like this will die out."

Schubert Miles, meanwhile, shakes his head at the idea of tour buses struggling up the rutted track to his farm. He says his faith will prepare him for such an onslaught. Tending his confederate roses, which flower white each morning and turn red as the day passes, he quotes his favourite psalm: "I say to myself: 'The Lord is my light and my salvation, of whom then shall I be afraid?' . . . only my ostriches."

■ Tim Burt travelled with Northwest Airlines (tel: 0345-747800), which serves the Panhandle with flights to Fort Walton Beach.

Further information is available from the Florida bureau of international tourism (0101-904 488 7592); Adventures Unlimited (0101-904 623 6197); and Seaside (0101-904 231 1320).



Artist under umbrella: The Piazzale Michelangelo, Florence

Florence: film set or city?

ON MY last visit to Florence, writes David Pilling, the magnificence of the Piazza della Signora was partly obscured by scaffolding which smothered the stone buildings on two sides of the square and prevented closer inspection of the statues.

That was 12 years ago, and the scaffolding has now gone. Or rather, it has moved – to the other side of the square. Like the Forth bridge, work on the *piazza* may never be completed.

In this and all other respects, Florence had hardly changed since I was last there. Its art galleries are still crammed with paintings, its *gelaterias* with teenagers and its grandmothers with pasta.

At night, looking across the river Arno at the illuminated brown and yellow buildings with their red-tiled towers and domes, Florence still looks more like a film set than a city. Every building – and almost everybody – is decked out to perfection.

Florentine women have maintained their fur-wearing obsession, recession and animal rights seeming to have bypassed this part of Italy. I had not seen so many fur coats on display since *Doctor Zhivago*.

I travelled to Tuscany for the weekend with Bladon Lines – a tour operator more usually associated with ski holidays – to sample two hotels offered in its Italian summer brochure.

We spent our first night at Relais La Suvera, a 16th-century former papal residence about 30 miles from Siena. One would normally expect to pay an entrance fee simply to look around such a building; to *stay* there was almost too much, a bit like bedding down in the Brighton Pavilion.

My suite, near the top of a rectangular stone tower, had 30-ft-high wooden-beamed ceilings, a chandelier in the bathroom and a four-poster bed of astounding proportions. I half expected the antique furniture to be roped off, and was reluctant to sit on the sofa or straight-backed wooden chair in case an attendant leapt out to admonish me.

From my shuttered window there were views of the undulating Tuscan scenery and the vineyards from which La Suvera produces very drinkable organic wine. The hotel was the most lovely I have ever stayed in.

Bladon Lines offers seven nights' B & B at La Suvera (flight and car hire included) from £638. Supplements of up to £65 a day are payable for the top-end suites.

In Florence, the four-star hotel Lungarno is rather unremarkable by comparison, except for its location within serenading distance of the Pontevecchio. The view of the famous bridge from my room would have had E.M. Forster drooling. Seven nights' fly-drive staying at the Lungarno starts at £585.

■ Details of Bladon Lines' Italian and other brochures are available from 56/58 Putney High Street, London SW15 1SF. (Tel: 081-785-3131).

What £60,000 buys in the wilderness

Nicholas Woodsworth on the rural good life in Canada

WHAT CAN YOU do with £60,000 these days? It is a good chunk of money, but it hardly seems enough to set yourself up in life. You could buy an Italian sports car. Or finance a child's education. Or pay the electricity bills. Or, like Rod McNabb and Vlasta Ulovec, you could purchase 11 acres and 700 apple trees on a small island in the north Pacific, and embark on a life as an organic apple farmer.

Three years ago McNabb and Ulovec, Vancouverites with hectic, big-city lives, decided they had had enough. Both in their early 40s, they had pursued careers that kept them on a never-ending treadmill, he with the Post Office, she as an architectural draft designer. For them Vancouver, scenic as it is, had become too big, noisy and expensive. Like many other city-dwellers, they dreamed of slowing down and taking time to enjoy life.

Two decades earlier, Vlasta Ulovec had fled Prague following the Soviet invasion of Czechoslovakia, and went to Canada for a better life. Now, both decided it was time to sell their house, drain the swimming pool, give away the potted plants and flee once again – voluntarily this time. They became urban refugees.

The way to Denman Island is not an easy one – this is a coast of inlets, bays, sounds, inland passages and hundreds of small islands. From Vancouver, you follow the coast northwards to Horseshoe bay, take a ferry across the broad straight of Georgia to Vancouver island, drive 50 miles further north and then board the small Denman ferry. You have to travel for the better part of a day to get there, but it is a trip that takes you a world away from Vancouver.

The McNabb-Ulovec establishment now sits on a gentle slope, surrounded by woods and coniferous forest, not far from the Denman island seashore. It is closer still to a small lake that makes for good swimming in hot weather. From the upper orchard you can look up and across the Georgia strait to snow on top of the Coast Range. Look down and you will see neat rows of apple trees stretching across the grass to a cedar-shingled house in the distance.

Generally Rod McNabb is somewhere in the scenery. He may be up in the orchard cutting grass, pruning trees or scheming ways to counter the latest black ant invasion. If not, he is down at the house with Vlasta, talking with friends, feeding the ducks or attending to the last batch of home-made beer.

What can £60,000 buy you? On Denman island it can buy an orchard, a hand-tailored wooden house, an old John Deere tractor with far too many attachments, 60 assorted ducks and chickens, various outbuildings and barns, a riotous front garden of flowers – and two milk cows named Sophie and Squirt. Throw in a pick-up truck, two dogs and four cats and you have got yourself a life. A busy one, at that.

Before they bought Apple Lane Orchard, Rod and Vlasta knew about as much as we all know about apples. Depending on them for their survival, they now know far more. Tending an apple orchard sounds idyllic; you watch the things grow and make sure small boys do not steal them. Don't you? Apparently you do not. Life may be more enjoyable than it was before for this couple, but it is just as demanding.

As others before them have discovered, making anything grow is work. Making apples grow, especially in a climate like this, is a constant chore. There are late frosts, early freezes, grass and weeds to tend to, plant rusts, fungi and scab diseases galore.

Growing the apples organically makes it even more difficult. There are no chemical insecticides, herbicidal sprays or artificial fertilisers on the McNabb acres. Instead there are kelp and composted manure piles around the trees, ground-up seashell solutions for insect infestations, and ducks that eat weeds. It all makes life more difficult and risky, but it seems to be worth it.

At the Granville island produce market in Vancouver there are retired British expatriates who haven't tasted apples like those McNabb grows since childhood. There are Cox's orange pippins, Bramley seedlings and Westover seek-no-furthers.

No matter how frantic they become growing apples, the McNabb-Ulovecs appreciate their new lives on Denman island. They are not alone. Denman is populated by 800 islanders. They are a hardy lot, much like the turn-of-the-century settlers who originally moved there. They value independence and practical skills. Above all, they enjoy a rural way of life that is becoming harder to find.

Many have moved from cities for the simpler life, but brought along skills that make them a living. Next to Apple Lane Orchard, in a Japanese-style cabin hidden in a stand of firs, Tokyo-born Yoshi Yoshihara makes up large wooden vats of traditional Japanese *miso* (fermented soyabean) and sends it to specialist shops across the country.

Up the road, brothers Tom and Mike Dennis, former Berkley academics, pot and sculpt. Across the way, Brian Grogan takes photos for the island paper and bakes bread he will exchange for local eggs, milk and vegetables. Behind the orchard, Rolf Ludwigson, another academic who specialises in trylobytes, has founded DIRT, surely the most arcane organisation on the continent – Denman Island Research on Trylobytes. Nobody makes a great deal of money, but then nobody expects to.

The winters are long and wet. In summer there are difficulties with water supply on the island. Rod and Vlasta would like to find time to travel but the roof of their house needs replacing and apple scab is an ever-present menace. On the whole, though, such a life seems a bargain at £60,000.

An island haven for noisy wildlife

***Michael Woods** visits a part of Australia where the sea-lions have priority over people*

THE LARGE buff-maned bull sea-lion reared up and surveyed the beach around him. A second bull, silvery grey and sleekly wet, fresh from the sea, was suddenly faced with his noisy aggression.

Backing off quickly, he skirted the first animal, which was nearly 8 ft long and built like a tank, and found a more peaceful spot to sleep. Fortunately my presence only four yards away was disdainfully ignored for, on Seal Beach, the sea-lions have become accustomed to having priority over the 70,000 visitors who come each year to see them.

Probably 10 per cent of the total Australian sea-lion population lives and breeds on this beach on Kangaroo Island, and to watch them swimming, resting and suckling their young is a privilege: there are few places in the world where such animals are so tolerant.

Almost 30 per cent of Kangaroo Island, Australia's third largest, has been set aside for conservation, and it is a wonderful place to see many of the country's indigenous species. When, earlier this century, South Australia realised that modification of much of the state's natural habitat was wiping out its wildlife, it introduced a number of animals, such as koala and platypus to Kangaroo Island in order to conserve them.

For my part, a visit to this temperate wildlife haven was pure indulgence. On Seal Beach, for instance, we did not just watch sea-lions but saw the complete skeleton of a whale washed up about five years ago, and glimpsed a pair of white-breasted sea eagles.

The biggest national park on the island, Flinders Chase, occupies the western end and covers an area of 185,000 acres. Koalas sit wedged in the crotches of gum branches, sleeping soundly in the leafy shade. The more wakeful scratch lazily or extend a paw for the occasional leaf.

Unlike the mainland population, these animals are disease-free. Without predators, their numbers are booming. At the information centre, Kangaroo Island's own kangaroos gather to be fed by visitors. They take pellets with salivary muzzles and demonstrate how, when moving slowly, they support their bodies on their tails and front limbs in order to move their hind legs forward.

Here, near the rangers' offices at Rocky River, our guide, Craig Wickham, grilled steaks on a barbecue in one of several special covered areas provided by the park authorities. These are spacious, clean, open-sided buildings with tables and benches, running water and a sizeable gas grill. It is a testament to the general atmosphere of trust and honesty on the island that the original gas lighter, provided when the barbecue was installed some years ago, is still there.

We drove south through dense forest to the tall stone lighthouse at Cape du Couedic, first to see Admiral's Arch, which drips with long black knobbly stalactites. The Southern ocean beats against the cliffs here and against the small off-shore islands where sea-lions and New Zealand fur seals bask on the rocks.

Nearby, in a sudden geological switch from limestone to granite, is a dome topped with a collection of naturally sculpted and scalloped boulders. Their forms and the play of light and shade present great opportunities for photographers but how, in this hard rock, some of the boulders achieved their massive, spectacularly delicate shapes, puzzles me still.

In comparison with the huge bulk of Australia, Kangaroo Island looks tiny, a day-trip's worth of island a stone's throw from the South Australia coast. In fact, at 90 miles long and 35 wide it is almost 12 times the size of the Isle of Wight and a single day is adequate only for skimming its surface. Even with Craig, who was born on the island and knows it intimately, I did not see all I wanted in two days and could easily have spent twice that time there.

Kangaroo Island's mainly dirt roads, although often badly corrugated, are pleasant to travel on: a broad strip of trees and shrubs flanks each roadside between fields and carriageway and gives a wilder, wooded feel. At the same time the climate is cool and comfortable even in high summer.

While large waves frequently batter the south coast, the sun-facing north is much more sheltered with the Australian mainland only a short distance away across Investigator strait. Here we visited Stokes Bay, a delightful hidden treasure reached through a natural tunnel in the rocks where fairy penguins nest. The brilliant white sands of the beach are protected by a reef of rocks which provides safe swimming.

Not all the interesting parts of Kangaroo Island are found around its coast. For example, a number of inland lagoons support a wealth of water birds. Some are little known, and Craig drove me across fields to reach them – irregular shady pools with gums standing in their midst up to their knees in water. One lagoon was good for spoonbills, another was used by chestnut teal and wood duck as well as more familiar birds like little grebes and moorhens.

It is always a pleasure to be guided by someone who has a good knowledge of an area and its wildlife and so, when I asked to be shown kookaburras, Craig offered koalas, too, and took me to a small wood on the way to the airport. We spotted the birds at once but the koalas were more elusive. Craig was determined, though, and – just as it began to look as if I would have to dash to catch my aircraft – we caught sight of one almost concealed in a thicket of gum leaves.

■ Michael Woods toured Kangaroo island with Craig Wickham's Adventure Charters (tel: 0848-33282) which is based at the Wanderer's Rest in American River (tel: 0848-33140), a pleasant motel with striking views over Eastern cove, where he stayed. He flew to Kangaroo Island from Adelaide with Air Kangaroo Island (tel: 08-2344177).

Visitors to Kangaroo Island will probably want to stay overnight in Adelaide at the start and end of their visit. Adelaide's Bed and Breakfast at 239 Franklin Street (tel: 08-2313124) is cool, comfortable and friendly and the proprietors, Tony and Deirdre DiFalco, serve good food with style.

Essential Luxuries

FT BROCHURE GUIDE

FOOD AND DRINK

Ian Mitchell of Aberlour Distillery contemplates a glass of single malt – but it is blended whisky which accounts for the bulk of British sales

Getting the whisky mix right

***Giles MacDonogh** gets some advice from a Scotch blender*

COGNAC distillers often tell you to their great chagrin that they cannot inspire brand-loyalty in the British market: after dinner the drinker calls for "brandy" which, as far as they are concerned might as well have been made in Timbuktu.

With whisky it is just the opposite: "He's a Bell's man," "she's a Cutty Sark drinker," "let's give them a bottle of Johnny Walker – they always have that on their drinks tray."

Although Glenfiddich brought malt whisky south of the border nearly 30 years ago, it has yet to seize the public imagination in the same way. Indeed, the Italians drink twice as much malt as the British. Blended whisky accounts for the overwhelming bulk of British sales.

There is nothing contemptible, however, about a good blend. Blending, after all is the process which not only rounds off commercial wines, it also shows the skill of the port, champagne or cognac maker.

The essential knack is to make each batch resemble the last so that the loyal drinker sees no change between the present bottle and the one he has just finished.

J & B Rare is blended by Jim Milne. Jim normally operates from a large series of warehouses near Glasgow Airport. Some – doubtless unpleasant – business dragged him down to London earlier this year and I was able to nose through a range of whiskies with him which were earmarked for the J & B blend.

One thing I had always wanted to ask a blender was how much the whisky responded to the blender's personal tastes?

"The blender's signature has to be on the blend; if the blender changes then it must change the style to some degree," says Milne.

He said his nightmare was "character drift": minute changes in the nature of the raw ingredients. Both grain and malt can be sweet or dry, so no one distillate is the same.

The answer to this is to keep back bottles from each batch in order to maintain a hold on the blend.

The blender has to be pragmatic. In some years certain component malts are hard to find. When this happens then he needs to find another which will give a similar taste profile. This was the advantage of a large portfolio: "If I had just one grain whisky and five malts it would be far harder.

J & B is a six to six-and-a-half year-old blended whisky made pale by using a minimum of caramel, the chief colouring element in whisky, rum or brandy. The pallor of the spirit clearly recommended itself to the late Graham Greene. In *The Human Factor* his inept spy drinks J & B because its lack of colour allowed him to pass it off as a heavily watered-down dram.

We "nosed" all the whiskies with added water at a strength of 23 per cent. Milne knew of one blender who tasted whisky at full cask strength (65 per cent) "and it's reflected in the blend." I pressed him to tell me who it was, but he refused.

Like most blends, J & B is 60 per cent grain whisky, made from unmalted cereals. The rest of the blend is made up of six Highland malts, 11 Speysides, five Lowland malts and four malts from Islay. Ten per cent of the whisky comes from Grand Met's own malt distillery at Knockando on Speyside. At the tasting we tried one of each type.

As predicted, the grain whiskies were less exciting than the others. With time, however, they develop a light, almost floral character which is not disagreeable. They remain a foundation for a blend. Recent attempts to market a 100 per cent grain whisky have not met with success. Most malt whisky is blended at eight years. The eight year-old Knockando had an appealing honey-and-porridge smell which set it aside from the others. The unnamed Highland malt was more leathery. The Lowland seemed almost marmalade-like while the Campbelltown malt was reminiscent of a cross between an Islay malt and one from the Highlands.

Jim Milne admitted that he did not much like the taste of Islay malts, and that given the choice he would rather drink gin.

I suggested that an Islay whisky such as Laphroaig or Talisker was the perfect standby for a long yomp across the heather: "Only when you can't get your hands on anything else," he replied.

Personal tastes notwithstanding, a small amount of Islay whisky does go into J & B, although its TCP and chestnut character had been completely assimilated in the final blend; which is a little too polished to accept that slightly jarring, barbaric note which comes in from the Hebrides.

Through a glass unwillingly

IF I could have one luxury it would be infinite quantities of the finest, most delicate, most perfectly shaped wine glasses in the world, plus the all-important space in which to store them.

The Tyrolean glassblowers who would therefore have to get blowing are those responsible for the Riedel Sommelier range, an ever-expanding set of shapes individually designed by Austrian Georg Riedel as "tasting tools" to maximise the pleasure given by specific styles of wine.

Fortunately, unlike the Burgundian Impitoyables range which really is merciless in its assault on the sensitive eye as well as in exposing any wine fault, Riedel's glasses satisfy aesthetic criteria too – although he claims this is a secondary consideration. His burgundy glass is on permanent show at New York's Museum of Modern Art.

As luxuries go, Riedel's pingingly delicate and efficacious handblown Sommelier glasses are not that expensive. Peter Jones, the London SW3 householder's mecca, sells the glasses specially designed to enhance young red bordeaux at £24.50 each, as opposed to their (excellent value) equivalents with a machine-made stem from the Vinum range at £11.50.

There is fierce competition in glassware, or stemware as it is known in America, at the top end of the market. What makes Georg Riedel's product so attractive is his conviction that wine glasses – even the finest, most delicate and most expensive – are best washed not by hand but in a dishwasher.

According to the books, and the consensus of traditional wine lore, dishwasher and even detergent are dirty words. The only way to treat a used wine glass properly, they say, is to wash it throughly, rinse it in very hot water and then to polish it dry with a perfectly clean, detergent-free linen teatowel. (Wine traditionalists have probably saved the Irish linen business from extinction.)

I have therefore spent years feeling guilty about my lazy habit of stuffing as many wine glasses as possible into a machine rather than dedicating long mornings-after to an orgy of rinsing and polishing.

It came as the most blessed relief to me then, to hear Georg Riedel's revelation, made among the power lunchers at New York's Four Seasons restaurant after a trial of his Pinot Noir glass conducted by such international wine stars as Robert Drouhin, Len Evans, Angelo Gaja, the head of Louis Jadot, Tim Mondavi and Christian Moueix. (This man knows the wine world.)

He gave as evidence of his devotion to mechanical *lavage*, the fact that he had just lent 3,000 glasses to a wine weekend in an alpine hotel and had them shipped back, still reeking of first-growth claret, to the firm's glass washing machines. He did admit that the domestic dishwasher at Schloss Riedel is often too small for his needs but says that so long as we fill surplus dirty glasses with water overnight, they can safely be put through the dishwasher in the morning. Conversely, it is the humidity that harms the glass after washing, so glasses should ideally be unloaded as soon as possible after each cycle.

Riedel's leaflets even spell out which dishwasher models will accommodate racks specially designed for glasses such as his – and such is his devotion to detail that he specifies the order numbers of the parts. Miele G530-567 and G579-590 are wineglass friendly according to Riedel's copious literature, as are all Bosch and Siemens dishwashers.

My Hotpoint (a phrase I somehow never thought I would find myself using) leaves even my finest glasses whole, sparkling and free of the inimical smell of detergent – although admittedly it is supplied via a water softener. The secret is to use detergent sparingly – and to make sure that the rest of the stuff in the dishwasher is not covered with coffee grains or leftover food. By comparison, our champagne glasses, too tall for the machine, always look horribly besmirched after their handwash.

Another company that takes the (all too rare) wine lover's view of top quality glassware is John Jenkins, of Rogate, near Petersfield, in Hampshire. John Jenkins' Bohemian Classic range, at about the same price as Riedel's Vinum, is useful for its good-value handmade all-rounders. The Jenkins team refuse to go on the record endorsing dishwashers, but they do use them.

They of all people will know that thinner, in a glass context, does not mean more fragile; Riedel and Baccarat glasses will often bounce if dropped, which is by no means the case with Esso giveaways.

■ *Riedel's Sommelier and Vinum glasses, and John Jenkins' Bohemian Classic glasses, are stocked by Peter Jones of London SW3, Harrods and a host of good wine merchants.*

Jancis Robinson

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Boys-only at Harrow School, London. The survey has provoked lively argument on whether single-sex schools are better academically

Schools: the debate rages

Andrew Adonis summarises reaction to last week's FT-500 survey

"I WELCOME your survey", wrote Peter Wilkes, headmaster of Cheltenham College, "as it highlights many areas which parents should properly investigate." That was the general response to last week's FT-500 survey of independent schools. It came with a flurry of letters debating our conclusions and methodology – and suggesting improvements for next time.

There were also a number of slips, a few caused by us but most by errors – or confusion – in completing our questionnaire. Those brought to our attention are noted below: they and others will be incorporated in the booklet of the survey to be published in due course.

The issue of co-education attracted the widest response. We used – and should have explained clearly – two different criteria. The main table, intended as a general *guide to parents, classified schools* as co-ed if they admitted both sexes at all levels, regardless of the proportions. But the summary table of the top 10 co-educational schools, on page two of our supplement, applied a more exacting test: schools were eligible for inclusion only where more than a quarter of their pupils were boys and more than a quarter girls. Most schools without that mix have the minority sex – almost invariably girls – in their sixth forms only, and we did *not consider* that an institution with only a few of the minority sex in the lower school was fully co-ed.

Tony Evans, head of Portsmouth Grammar School – which was ranked correctly as 61st in the main table, not sixth as stated in one article – argues that such an approach "does not take into account the different stages which schools have reached in co-education: some are completely co-ed; others are in the process of becoming so." Moreover, "it fails to take *account of the highly selective* nature, and the monopoly enjoyed by many, if not all, of those schools which you cite as illustrating the merits of single-sex schools."

This, no doubt, is true. A corollary is that some schools, at least, have gone co-ed because of difficulties in recruiting and/or maintain*ing standards while single-sex. The* survey offers strong prima facie evidence for such a view. However, it does not affect our conclusion: that a disproportionate share of the best schools, academically, *are* single-sex. It does not, of course, follow that a system of single-sex education is inherently better.

The wide variation in fees, and the weakness of evident links between fees and performance, struck many readers. One was anxious to stress that fees of up to £11,000 a year in the public boarding schools represented only the "headline cost." With two sons at a boarding school and a daughter *at a day school, his fees totalled* £8,495 a term. Yet, with school trips, sports equipment, societies, and other extras charged by the schools, the bill rose to £9,575 a term – another £3,240 a year.

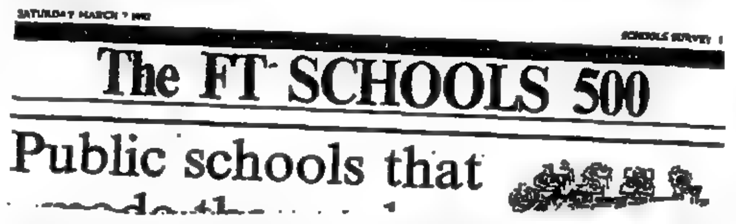
Inevitably, our criteria for the rank-ordering attracted criticism. It gave equal weight to the average *A-level performance per pupil, and* the average performance per entry. Some readers objected to our use of the first measure, others to the second. David May, of St Paul's School, London, wanted AS levels to be included and questioned whether the breadth of a curriculum could be related to the number of A-levels taken. "This may well be true (or it may not be), but there is no way of *judging the issue from the mere sta*tistics," he wrote.

The inclusion of general studies in the calculation of A-level scores was questioned. This was partly because some heads believe GS is of a lower standard and could be used to push up the scores of weaker schools, but also because its inclu*sion was thought to be unfair to* schools with broad but unexamined curriculum-enrichment programmes. "It places quantity above quality," says Averil Burgess, of South Hampstead High School, London.

We did compile a ranking which excluded general studies, but con*cluded from a comparison of the* two ranks that there was no convincing evidence that the inclusion of general studies was systematically distorting. Some schools with many good grades in general studies gained an advantage, but they tended to be the better schools for other subjects. Others, where *pupils tended to fail or gain low* grades in general studies, lost position. But consistently poor performance in this exam could well reflect on the standard of all-round education in these sixth forms. In future, we could consider publishing both ranks.

The issue of "value added" was *discussed widely. All respondents* agreed that the range of information offered – plus the profiles and articles elsewhere in the supplement – gave it a higher prominence than in previous surveys. But some still thought us too wedded to "raw" A-level results. James Miller, headmaster of Framlingham Col*lege, Suffolk, described ranking by* A-level scores as "analogous in commercial terms to saying that dividend yield is the best measure of the quality of management in a company." He wanted a comparison of A-level scores with GCSE results. On this basis, he claimed, Framlingham came fourth, not 22nd, in a study of 24 schools by the Headmasters' Conference.

He, at any rate, still favoured ranking by exam results. Others deplored even that, emphasising the equal – or greater – importance of the extra-curricular side. That, however, did not cut much ice with Cheltenham's Peter Wilkes. He stressed the importance of a school's "mood" and facilities, but *added: "I have always found the* tendency of headmasters to boast and glorify their schools' achievements very distasteful. John Cleese's parody of this tendency in *Clockwise* has, sadly, not had much effect upon us. I hope that most of *today's parents look beyond the* booming bluster."



The absence of a commentary on the Scottish results attracted criticism and is something we will rectify in any future survey. Mrs D.A. Gardner, headmistress of Wellington School, Ayr, claimed it was "spurious" to give average Highers' *scores per pupil without any indica*tion of the number of Highers achieved. But the headmaster of Merchiston Castle School, Edinburgh, believed it might be useful to divide the Scottish section in two, between those schools following a broadly "English" curriculum based on A-levels and those concentrating on Highers.

We have recalculated our table incorporating new information supplied to us, but the changed places given below should be regarded as provisional only since revisions are still being sent to us.

ERRATA

It is **Bryanston** (not Brynston) and **Cheadle Hulme** (not Hume). St Anne's, Windermere, is in Cumbria, *not Lancashire.* **Winchester** *does* not have a co-ed sixth form, just the daughters of four members of staff there. **The Queen's School, Chester**, is for girls, not boys as listed in one table. "There are those at The King's School, Chester, who would love this to happen: don't give them ideas!" wrote the headmistress.

Errors in the hand collation of summary tables led to the omission of three schools from the "top 10" tables for co-educational and boarding schools. We apologise to **Stockport Grammar**, which should have come top of the co-ed table; to ***The King's School*, Canterbury**, which should have come third; and to **Charterhouse**, which, on our present information, should have ranked 10th in the boarding table. Revised tables will be reprinted when we have completed the checking and recalculation of new data.

Badminton (not Badmington) had 34, *not 46, A-level candidates last* year. This gives it a Universities Central Council for Admissions points score per pupil of 20.06, and per entry of 6.69. Accordingly, it rises from 211th to 118th place. (UCCA scores grade A=10, B=8, C=6, D=4, E=2).

Epsom College, Surrey, over*stated its number of A-level candi*dates at 155. The corrected figure of 135 takes its UCCA score per candidate up to 20.90, and per entry to 6.92. It rises from 141st to 83rd.

Forest School, London, has a revised pupil:teacher ratio of 11.2:1, and an average of 3.4 passes per pupil. Its revised UCCA score per pupil is 22.58, and per entry 6.28, taking it to 98th position.

Notting Hill and Ealing High, London, had a score per pupil of 19.97, and per *entry of 6.94, giving it* 96th place.

Sevenoaks School, Kent, was not ranked because a third of its pupils take the International Baccalaureate instead of A-levels. Using an agreed formula for converting IB *scores, it had an UCCA score per* pupil of 20.75, and per entry of 6.77. It takes 95th place.

Solihull School, West Midlands, which completed a form after publication, has a score per pupil of 24.52, and per entry of 6.18, giving it 72nd place. The Perse School, Cambridge, which advised us that it *achieved one extra grade A and one* more grade B pass than declared on its form, gets a revised score of 24.63 per pupil and 7.88 per entry, pushing it up from 23rd to 19th.

St Bede's College, Manchester, had 947, not 347, pupils, giving it 61 per cent boys and a pupil:teacher ratio of 13.5:1.

The fees at ***Laxton, Northants***, are £4,200 a year, not £11,790. At **Whitgift, Surrey**, they are £4,400 per year, not per term.

At **Francis Holland, London**, 80 per cent-plus (not 54) go on to higher education, and a similar proportion do so at **St Helen and St Katherine's, Abingdon**, and **Bel*mont House, Glasgow***.

And, yes, the *FT's* proof-readers have done 300 lines on each of: *Surrey, boarders, Channel Islands, Guernsey and Shropshire*. "Borders and full borders are worthy of Daisy Ashford or Richmal Crompton," wrote Geoffrey Elliott from Bermuda. "But perhaps that's all you *get nowadays for several thousand* pounds a year in fees."

As they say in Europe/**James Morgan**

Germans in glasshouses . . .

BRITISH elections grab the attention of continental Europeans more than theirs interest the British. *This is probably a result of the* oddities, and of what are seen as failings, of the British electoral system: the bogus drama of setting the date, the difficulty of predicting the number of seats that each party can win because of the random nature of the first-past-the-post system; and the constitutional theatre that an election involves. It all seems a bit like cricket – and a bit of a gamble.

Thus, in *Die Welt*, Reiner Gatermann started by quoting the "vote-guru," David Butler: "The Conser*vatives are three-to-two*, Labour three-to-one." The headline was "April 9 means the end of Kinnock or Major."

Gatermann pondered the closeness of the race: "Kinnock's supporters must wonder why their party cannot make more political capital out of the failure of the long-promised recovery to arrive and the widespread dissatisfaction with Tory policy in health and education – and finally the poll tax disaster. But they really know the reason: it is called Neil Kinnock."

He concludes that people just cannot see Kinnock as prime minister – "He has that image ascribed to the Welsh – saying too little with too many words."

European correspondents based in London do not like Kinnock because, they say, he turns down *one-to-one interviews* with them and they are banned from the main floor at Labour Party conferences.

However, they do not seem to admire the government much, either. In the *Frankfurter Allgemeine Zeitung*, Jochen Rudolph discussed last week's Budget: "The history of British policy teaches that *incorrect fiscal policy causes a lot of* trouble . . . To steer with fiscal means makes it essential to know where the economy stands, where it can be measured. But the experience of the last two years, at least in England, is that the experts always diagnose falsely, and as a result make incorrect forecasts – the Treasury included."

Traditionally it has been only the Germans who adopt a high-handed, didactic tone when dealing with British failings. But since France became a pillar of financial rectitude, the attitude has spread. *La Tribune de l'Expansion* had an editorial on the Budget which accused *John Major of being a Keynesian. It* was horrified by the £28bn deficit: "In an open economy it is not by digging deficits that one emerges from the swamp."

Over at *Les Echos*, Patrick de Jacquelot takes a more tolerant, often fatalistic, view. He developed an old theme of his regarding the problems *facing the Tories. The Budget* was badly received by the public; that alarmed the *City; which in turn* could affect the pound, "aggravating thereby the difficulties of the government. There is therefore the risk of a vicious circle which must make the Conservatives shiver . . ."

To de Jacquelot, the electoral question could be put quite simply: "*Would the improvement of public* services and social welfare justify higher government spending and taxes?"

In the Milan daily, *Il Sole-24 Ore*, Alessandro Merli saw the problem as being mainly one for the Tories: "After the years of the Micawberesque fiscal virtue of Margaret Thatcher, who set about repaying the whole of the public debt thanks to the boom and the proceeds of privatisation . . . the last two years have seen a sudden change in the trend. *Not only has Major wanted to* show a 'compassionate' side of Conservatism, thus increasing public spending, but the recession has meant a hard blow to tax receipts."

Merli's views prefigured much British comment.

But for real disdain one has to return, as always, to the *Frankfurter Allgemeine*. It noted that Major had not been able to make much use of his freedom to choose the date – "it could have been foreseen that the economic situation would not change." But it was also the one paper I read that made much of that woman whom we all seem to have forgotten:

"Things would be easier if Major had to deal only with his Labour rival, Kinnock. But the person he has to measure himself against is Mrs Thatcher. Her legacy is double-edged: there is the image of the 'Iron Lady' who improved Britain's reputation in the world and broke through the blockades in the economy and society. But there is also the picture, formed during the last phase in Thatcher's period in office, which shows a self-admiring autocrat who had lost any notion of the needs of simple people."

In this welter of not very admiring comment it was nice to read Fabrice Rousselot in *Liberation*. At *least someone thought something* good was happening in Britain: "This unpredictable election is in the image of a changing British political landscape. The vote of April 9 could for the first time smash the traditional 'Labour-Tory' polarisation and open the way to a broader political scene, more con*sensual and less marked ideologi*cally."

Somebody could also have said that Britain's is the only political landscape in Europe where we are not watching the rise of something nasty on the far right. But nobody over there seems to have noticed that.

■ *James Morgan is economics correspondent of the BBC World Service.*

Cookery

More than potatoes for St Patrick

Philippa Davenport adds a touch of flair to traditional Irish treats

ST PATRICK'S day – this Tuesday – was a big occasion at my *school, where many of* the nuns were Irish. The sisters in charge of the kitchen were the strongest in their allegiance to the Emerald Isle. On March 17, every bosom wore its bunch of shamrock with pride, and supper on that date was always the same: fried eggs on fried bread set in a sea of tinned marrowfat peas.

Sometimes, we questioned the Irishness of this culinary curiosity. This vexed the nuns, who thought that every convent-educated girl ought to recognise instantly the colours of the Republic's tricolour flag in the orangey-gold and white of the eggs and the bright green peas.

My own choice of menu for an Irish feast is rather different. Oysters to begin with, Guinness cake and Irish cheeses to finish, and pig in the middle – with potato and cabbage to keep it company, of course.

Boiled bacon might not be the most elegant of fare but it has acquired a certain chic now that, in the interests of thrift, simple peasant foods have become such "in" things. And if the pig is quality meat, its delicious flavour should *please gourmets* and gourmands alike.

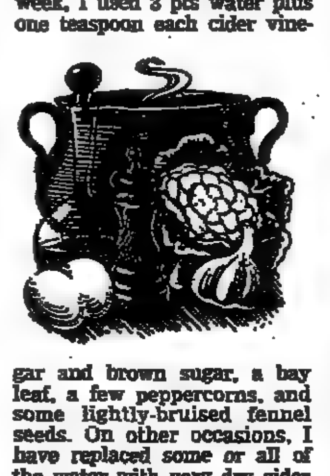
Success depends on three things: good meat, careful curing and gentle cooking. Boiled bacon must not be boiled (there is an Irishness for you) or the meat will be dry and ragged. Succulence depends on keeping the liquid at the barest simmer; the fewer burps that bubble to the surface, the better.

This was achieved by in-built inefficiency in traditional Irish kitchens where the cooking was done in a cauldron hanging over a lazy fire of steamy peat. *Cooks in modern*, high-speed kitchens must slow things down deliberately. Choose a heavy pot, keep the flame faint and employ a heat diffuser for good measure.

Tradition calls for a large pot in which the rest of the meal can be cooked along with the bacon. I prefer to use a small one, heavy-based and with a well-fitting lid to minimise evaporation because, if the *joint fits snugly into the pot* rather than swimming in liquid, the cooking liquor *is* stock by the end. No need to reduce it or add any extra flavourings.

Shoulder of bacon, a corner gammon or gammon proper are all suitable cuts, whether smoked or green. Soak the joint for a few or several hours according to taste and the butcher's recommendation. Put it into the pot and pour on just enough cold liquid to cover.

For a 4 lb shoulder joint last week, I used 3 pts water plus one teaspoon each cider vine-



gar and brown sugar, a bay leaf, a few peppercorns, and some lightly-bruised fennel seeds. On other occasions, I have replaced some or all of the water with very dry cider (such as Bulmer's No. 7) or cloudy, unsweetened apple juice.

Bring to a bare simmer, skim, cover and cook as gently as possible, allowing 20 minutes a pound. Then, turn off the heat and leave the bacon to stand in the liquid in the covered pot for 20 minutes, rather as though resting a joint between roasting and carving.

Cabbage goes very well with bacon so long as it is not killed by drowning, when it smells as vile as it tastes. The fact that *cabbage likes fast, fierce cook*ing, while bacon needs slow and gentle treatment, is one good reason for cooking the two ingredients separately. Besides which, the taste of brassica does little to improve bacon stock.

For a chunky, peasant-like cabbage dish, I like Savoy, January King or some other tight-headed variety cut into big wedges, steamed briefly over *furiously-boiling* water and blotted carefully. Also excellent, and a mite more refined, is cabbage shredded as fine as tagliolini and blanch-boiled. Throw it into a large, hubble-bubble pot of fiercely-boiling salted water and fish it out again a few seconds later – the chances are it will be cooked before the water returns to the boil. Turn it into a sieve, tossing to drain it well and separate the strands.

Anoint it, if you will, by turning it in warmed olive oil or melted butter, season with salt and pepper, and add some chopped coriander leaves or toasted sesame seeds; or omit the brilliantine sheen and serve the cabbage unadorned along with plain, boiled bacon *and offer a sauce on the side.*

Hollandaise is hardly Irish, but it is probably the first and finest choice. An orange mustard sauce makes an inviting alternative.

In the top part of a double-boiler, mix together two teaspoons each of thick cream and wholegrain mustard. Add two tablespoons freshly-squeezed orange juice, one teaspoon balsamic vinegar, and the finely-grated zest of two oranges.

Place over barely-simmering water and stir with a wire whisk until the mixture is well blended, hot and slightly sticky. Gradually beat in 6 oz of diced and chilled unsalted butter, piece by piece, until amalgamated to a hot, smooth and creamy sauce, rather like a thin Hollandaise.

Add two or more teaspoons of orange juice to taste and season with salt and pepper. Cover and let the sauce stand for a few minutes before serving to allow flavours to develop.

The best potatoes to go with freshly-boiled bacon and cabbage are floury, earthy Golden Wonder grown in Ireland – if you can get them. Irish soda bread or Boxty bread go well on the side.

Although the pig, the potato and cabbage are an obvious Irish trinity, they are not sacrosanct. Other vegetable combinations can please just as much (as we realised when eating the cold remains of the *bacon joint on later nights*).

Sweet and tender spinach – not the coarse perennial sort – is a delight steamed until just wilted and served in a ring with a pond of melted butter in the centre and a barricade of mashed potato round it. Grate nutmeg over the whole lot, or season the spinach with a pinch of cinnamon and add almonds, raisins and orange zest for a medieval touch.

Broad beans (one of the few vegetables that freeze well) are marvellous with bacon, particularly when dressed in a parsley cream sauce that includes enough parsley to warrant the name and is properly creamy (I use a mixture of the bacon stock and cream). It must not be a floury wallpaper paste.

Braised celery hearts, grilled fennel finished with a smidgeon of Parmesan, and baked chicory have a lot to recommend them. Steamed green beans scattered with fried almonds, and stoved artichokes, are other possibilities.

Strong contenders among potato dishes include Celtic onion and potato cake; creamy leek and potato gratin; sauté potatoes; baked potatoes; and new potatoes steamed, sliced thickly and finished with mustard seeds that have been popped momentarily in hot oil.

Good salads include orange and fennel; cooked matchsticks of carrot with black olives; a mixture of sliced avocado and ripe dessert pears; celeriac remoulade; chicory and pink grapefruit with a honeyed dressing; and Waldorf.

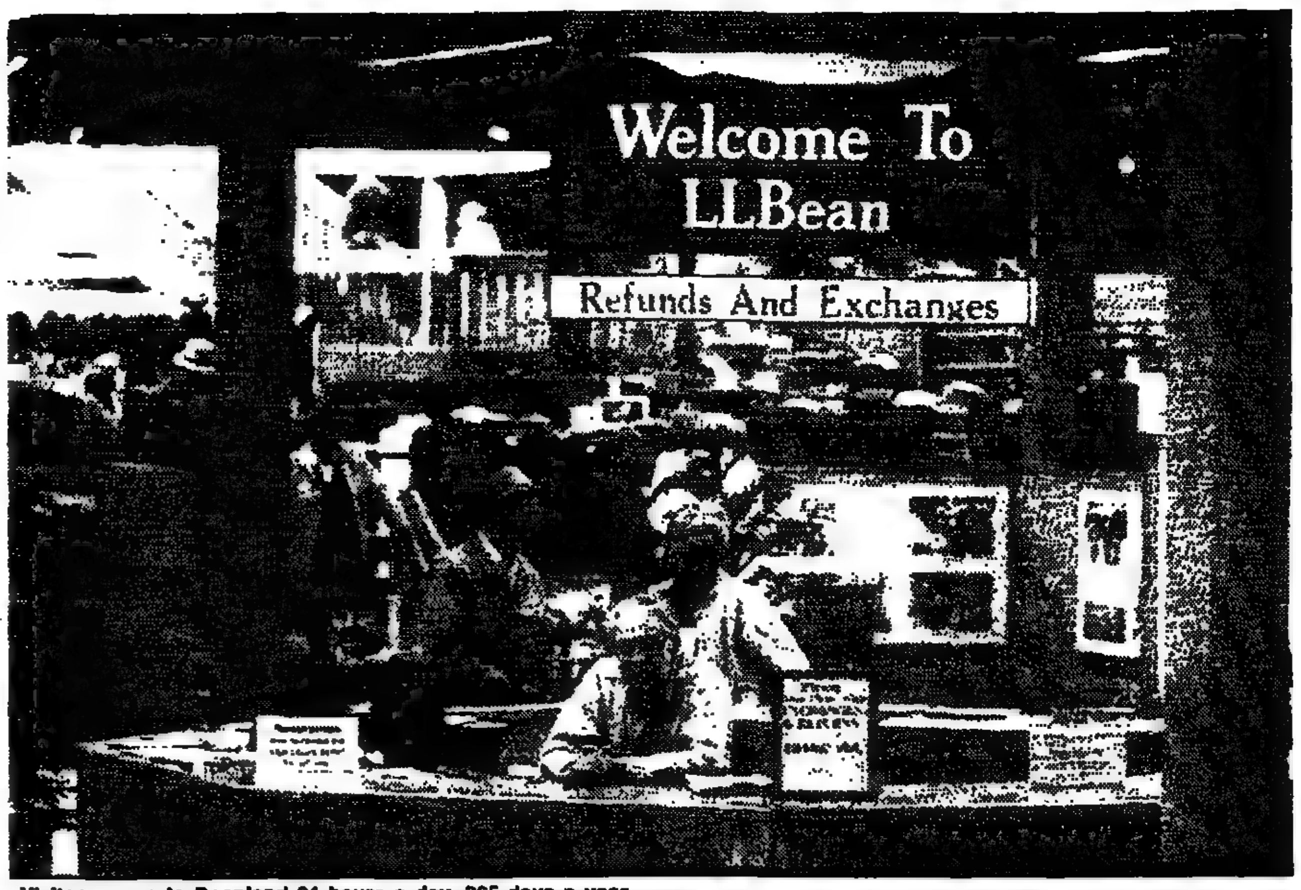
When the joint became impossible to carve neatly, thin but ragged slices of bacon made open sandwiches with watercress on thickly-buttered soda bread one lunchtime.

I used rather untidy chunks for a substantial soup-cum-stew with short lengths of leeks, carrots and broccoli and pieces of potato cooked in some of the bacon stock. (Do not boil the meat; add it to the pot at the end, just long enough to heat it through, and serve with a bowl of vinaigrette a l'oeuf for adding at table.)

HOW TO SPEND IT

Welcome to Beanland, home of the hunter

L.L. Bean, the mythic purveyor of rugged outdoor wear to sophisticated modern American urbanites, has started to woo the British market. From their own front rooms the British can now leaf through a catalogue, pick up a telephone, and order the appurtenances of a simpler, hardier, more old-fashioned way of life. For those who wonder what all the fuss is about *Karen Fricker* makes a pilgrimage to the L.L. Bean headquarters in Freeport, Maine, the shrine where Americans go to rediscover the America of long ago.



Visitors come to Beanland 24 hours a day, 365 days a year

IT IS a good thing that the foyer of the L.L. Bean Store in Freeport, Maine is filled with benches. Entering the only retail outlet of America's most venerable purveyor of outdoor goods and clothing can be overwhelming. Confronted with the American dream realised the hardiest of shoppers needs a sit-down.

Last year 3.5m shoppers visited the Freeport store. For Americans, going to Bean is a primal urge, somewhere between family responsibility – the required visit to eccentric old Uncle L.L., as *Reader's Digest* has dubbed him, who sends us packages – and pilgrimage, to the shrine of an America we wish still existed.

In his indoor trout pond (on the main floor, between men's flannel-lined hunting trousers and Gore-Tex anoraks) Americans can wash away the ignominy of mass-marketing, and rediscover the values L.L. represents – authenticity, reliability, eco-sensitivity, outdoorsiness, hardiness, honesty.

The United States of Bean meticulously cultivates its image, posting narratives about company history and "Our People" (Bean employees), and letters from satisfied customers (one young man who lives at the South Pole jogs happily around Antarctica in Bean extra-strength thermal underwear).

Some features of Bean's old-fashioned America jar the 90s consciousness. Though Bean aggressively markets its greenness – sponsoring outdoor discovery programmes and talks about conservation – it also sells a huge selection of shotguns and plays "how-to-kill-deer" videos in the hunting department. The company and most of its shoppers see no contradiction. Bean was founded to sell hunting gear to hunters, and that purpose remains, although these days real hunters are probably outnumbered by urban bargainovores who covet the country look, like their British counterparts in Barbours and tweeds.


Striding out the L.L. Bean way

Bean, in keeping with its homey image, used only staff as models until the company was attacked because its catalogue contained only white faces.

Public relations director Catharine Hartnett, said this was a reflection of the homogeneity of the applicant pool: "There's not much cultural diversity in Southern Maine." In the last couple of years the company has started using professional models, of all races, in its catalogue.

Best to ignore these little quirks. Sometimes it has not done to look behind the scenes at Disneyland, either.

Bean is better than Disneyland: you get the fantasy, and you can shop too. Frontierland with bargains. Adventureland, and you take the coonskin cap and flannel shirt home. And it never closes. Bean is open 24 hours a day, 365 days a year. Excessive? Perhaps. That's Maine for you. That's America.

And bottom line, Bean delivers. Between the fun and not-so-practical bits, the store is full of useful, well-made goods. Does the couple from suburban Boston really need an ice fishing shelter ($76 – £43.10)? No, but after testing out the floor sample, they can pick up something they might actually use: flannel sheets ($28) perhaps, or wool blankets ($180). Will the Florida family really use sleeping bags guaranteed to –40°F? No, but they probably will use Bean's own brand mountain bikes ($240) or a Gore-Tex insulated lunchbox ($14.95)

A latter-day Alice's Restaurant, you can get anything you want at Bean: you can get food pancake mix, smoked salmon, Rain Forest Crunch nut brittle, freeze-dried gourmet meals for camping and Walker's shortbread. You can get socks, you can get skis, you can get postcards (and post them in the store), and you can, of course, get Bean's well-made, durable, natural-fibre clothing: chinos, denims, sweaters, turtlenecks.

In recent years Bean has introduced a line of what it thinks is fashionable, upscale clothing, but the results have never risen above the frumpy.

The Beanland boom began in the late 70s when the company expanded its annual turnover from $50m to $250m, and out-of-town visitors started trickling into Freeport to see what the excitement was about. Canny retailers, wanting a piece of the action, bought property up and down Freeport's main street and opened factory outlet stores, offering seconds and off-season merchandise at cut-rate prices.

There are now more than 100 retail stores in the Freeport area, from Dansk housewares, to Bass and Timberland shoes, to quality clothing merchants – Brooks Brothers, Evan Picone, Ralph Lauren Polo – to America's most popular casual clothing chains – J. Crew, The Gap, Banana Republic. Freeport has become the leading example of the new American phenomenon of the town defined by shopping: the factory outlet centre.

L.L. Bean's Freeport store may be important to the American identity, but it plays a relatively small role in the Bean company's total business. Mail-order is Bean's backbone – last year it made up 88 per cent of total sales – and has been since 1912, when founder Leon Leonwood "L.L." Bean sent out the first circular advertising his Maine Hunting Boots – leather uppers sewn on to rubber bottoms, still the company's best known product.

Company president Leon Gorman has authorised several international ventures, in spite of his grandfather L.L.'s famous dictum against foreign expansion: "I'm eating three meals a day now, I can't eat four." Bean has marketed aggressively to the Japanese and Canadian markets since 1989, and last autumn started advertising its catalogues in the British media. Most recently Japanese companies Seiyu and Matsushita Electrical Industrial Company formed "L.L. Bean Japan", a joint venture company that will open five retail stores in Japan exclusively for the sale of L.L. Bean merchandise.

■ To order the postal catalogue or goods phone 1-207-865-3111, fax 1-207-878-2104, or write to LL Bean Freeport, ME 04033, US. There is a toll-free number in the US: 1-800-221-4221 and a British address for UK orders: PO BOX 54, Swindon, SN5 8LB.

Would-be buyers based in the UK should remember to add duty (at 14 per cent) and VAT (at 17.5 per cent) to the cost of orders.

The unnatural mac is back, okay?


Leisure clothes for urban men

GIVE A DOG a bad name and it becomes almost impossible to get it rehabilitated. Artificial fibres, transformed since the early days of raucous rayon and noxious nylon, have never quite received the recognition they deserve from the fashion press. Natural fibre snobs tend to bestow the word "natural" as an almost automatic stamp of approval. However, there are some things that artificial fibres do distinctly better than natural ones. Making light, crease-resistant, naturally water-repellent raincoats is one of them.

Ever since a couple of Japanese companies developed a range of soft, silky, peachy polyester fabrics known as microfibres, designers of the stature of Armani, the Max-Mara team and others have been using them for anoraks parkas, raincoats and jackets. A close weave makes the fabrics water-repellent but their chief beauty lies in their extraordinary fluidity. They are also very light and almost uncrushable, so they make perfect travelling garments.

Burberrys has brought out a snappy collection of short, swingy, almost A-line raincoats, all made from microfibre, in singing spring colours like orange, yellow, lipstick pink and apple green as well as neutrals such as stone and cream. Photographed right is one of the raincoats (£395) teamed with a pair of toning linen shorts (£130). The plain, cotton, white waistcoat (it also comes in a blue and white check) is £70.

Chaps, for the moment, will have to stick to raincoats made from traditional fabrics which are, it appears, more suitable for longer-length macs that are the current fashion. Burberry has focussed on a collection that strikes more of an urban weekend mood. The brushed cotton safari jacket is £215 and is worn over a suede waistcoat (£160), a luxurious three-button long-sleeved polo shirt in silk (£175) and teamed with stone cotton chinos (£87.50).

■ Burberrys, 18-22 The Haymarket, London SW1.

LvdP


Short, swingy mac, worn over shorts – a sure weather-beater

Rich and fake

THERE ARE certain people who feel they mustwear only "real" jewellery. For some it is an expression of wealth and status, not a source of fun and fashion. The delight of costume jewellery is that precisely because it is conjured from the humblest materials designers feel freed from bourgeois constraints.

As Vivienne Becker put it in her beautiful book *Fabulous Fakes* (£19.95, Grafton Books): "Since they are not intended to last beyond the latest craze, jewels of little or no intrinsic value can be more evocative of their age and wearer than expensive gem-set heirlooms.

In other words, they do not have to last forever. Those who work with them can indulge in wilder flights of fantasy, be more exotic, more fantastical, take bigger risks than those who deal with gems worth a king's ransom.

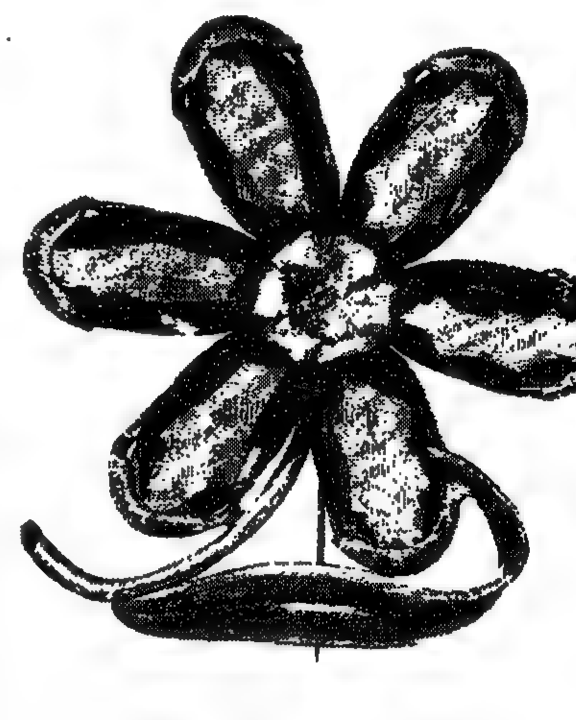
In an exhibition opening on Wednesday at the Victoria & Albert Museum, South Kensington, London SW1, some of the finest costume jewellery ever made will be on show – works from Chanel, Schiaparelli, Dior, Trifari, Eisenberg, Ken Lane and Robert Lee Morris will be there, charting the rise and rise in popularity of this now essential fashion accessory.

The V & A shop will be selling a vast collection of costume jewellery including inexpensive modern pieces – starting at £6.99 and aimed at the student market – to collectors' items from the Fior, Cobra & Bellamy and Melanie Coe collections.

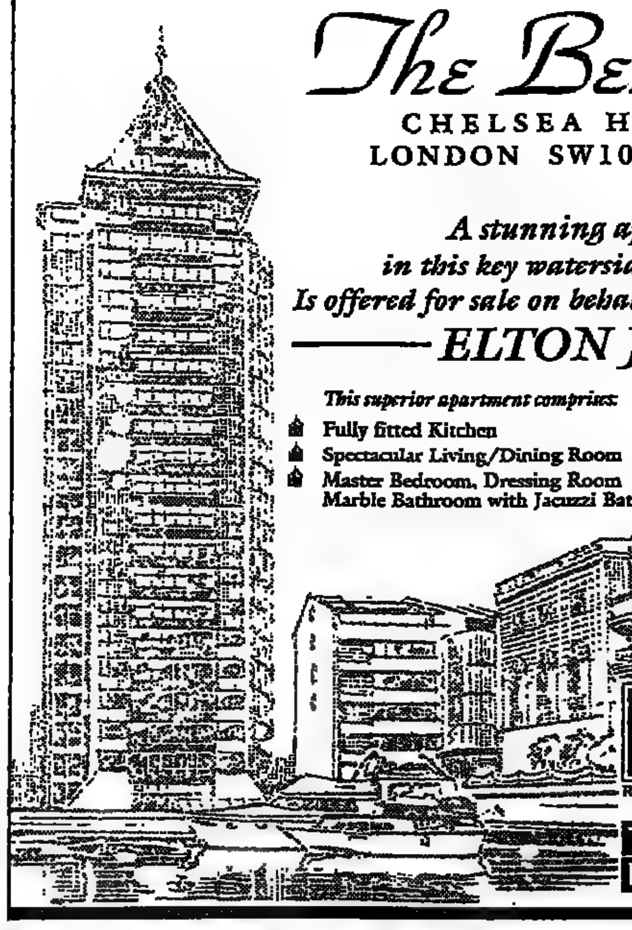
Melanie Coe, for example, is selling reproductions in glitzy Schiaparelli mode, at prices ranging from £80 to £100 while Fior's pieces will start at about £16 and up for collectors' pieces. Cobra & Bellamy has a line of pieces based on the Armada jewel and Queen Victoria's jewels – prices start at £35 and go on up to about £80. Swarovski, the Austrian supplier of cut crystal to the fashion industry, is sponsoring the exhibition and will be selling a glitzy brooch of its own for £40.

The exhibition and runs until July 5.

LvdP


Flower brooch by Ruth Feder, dating from the 1930s

LONDON PROPERTY



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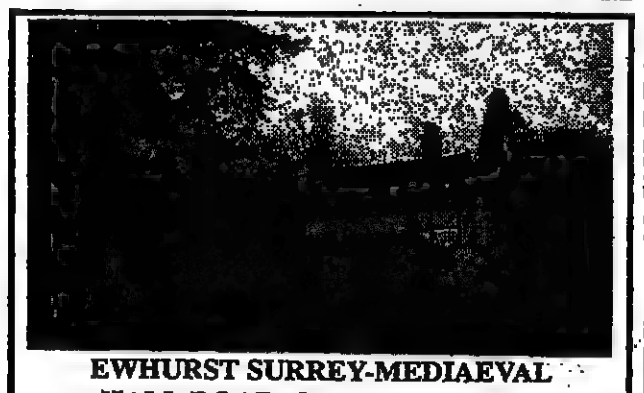

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The 'forgotten county' of Herts and flowers

David Hoppit finds that average perceptions can be misleading

A COUNTY bisected by railways and trunk roads, with serviceable rather than grand churches; the pioneer, flower-filled garden cities; and acres of glasshouses producing much of the capital's salads – that, at first glance, is the average perception of Hertfordshire. It is, according to John Lewis of estate agent Strutt and Parker, "the forgotten county."

Hertfordshire is the bridge between London and the Midlands and the north, host to much of the creeping eczema that has been dubbed "Subtopia"; a place to pass by. There is, however, the other face of Hertfordshire: the maze of lanes and sudden villages, with cricket on the green and real ale after evensong; the Hertfordshire so loved by the writer George Bernard Shaw.

He lived at Ayot St Lawrence, choosing the village after spotting an epitaph on the grave of a 70-year-old woman proclaiming "Her time was short." Shaw decided that a village where a life of 70 years was considered short was the right place for him. He died there at the ripe old age of 94.

It is true that the churches in the county are not so flamboyant as those in nearby Essex and Suffolk; the abbey at St. Albans was not endowed with great wealth, so worshippers have to make do with tiny spires – known as "Hertfordshire spikes" – instead of the grand affairs that dominate East Anglia skylines.

Hertfordshire is not blessed with durable building stone. Much of it is dominated by the eastern humps of the chalky Chilterns. Village houses often are thatched; they tend to be half-timbered, and weather-boarding is common. A few are built of "wichert," a mixture of chalky marl and straw. Some are decorated with pargetting, found more commonly across in East Anglia.

The Romans built their Verulamium (St Albans), one of their soldiers named Alban becoming Britain's first Christian martyr after his execution in AD 303; but Hertford, the fine county town well clear of the main roads, was a settlement long before the Romans came.

Hertfordshire has far more large houses than Essex. Most notable is Hatfield House which was built in 1608 by Robert Cecil, the 1st Earl of Salisbury and secretary of state to both Queen Elizabeth I and King James I.

The proximity to London and excellent hunting in the beech forests meant many other Elizabethan and Jacobean mansions were built; but it is the villages that provide the county's charm – places like Aldbury with its duck pond, whipping post and stocks (last used to punish a drunken villager in 1835).

Hambro Countrywide, with a national total of 484 offices, reports a long-awaited buzz of activity in the county's housing market, especially among first-time buyers and people seeking new homes. Small houses cost about the same as in 1987.

Among the larger houses, Strutt and Parker reports a "patchy" market. Lewis has some fine temptations at present but says buyers remain extremely nervous. He explains: "The county is divided into two distinct halves, the south being congested and criss-crossed by numerous trunk roads and motorways while the north is relatively unspoilt, with many attractive villages."

Hertfordshire is one of the smallest counties, and also one of the most-densely populated, but its property values are the highest in the country outside London. Before the recession started to bite, St Albans was said to have the most expensive houses of any town in the country except those within the M25 London orbital motorway.

Among the exceptional houses on offer from Strutt and Parker is The Lordship at Standon, dating from the mid-16th century.

The house, on a bend of the River Rib, was built by Sir Ralph Sadlier, who was appointed by Queen Elizabeth I as custodian of Mary Queen of Scots. It was once regarded as the social centre of the county.

Offers of about £995,000 are suggested, to include the manorial title.

In Shaw's beloved Ayot St Lawrence there is Ayot House, a Queen Anne property standing in pleasant parkland. The house has been divided and the major portion is being offered by Strutt and Parker for about £295,000.

Yours for just £295,000 . . . a major portion of Ayot House, a Queen Anne property standing in parkland in the Hertfordshire village of Ayot St Lawrence where George Bernard Shaw once lived

Factfile on Hertfordshire

Area: 632 square miles; **population:** 988,700; **community charge:** lowest (in Broxbourne) £220; highest (in Welwyn and Hatfield) £319. **Administration centre:** County Hall, Hertford SG13 8DE.

Sample towns, with distance from London, travel time by rail, annual rail fares (first class in brackets) and house price minima (supplied by Hambro Countrywide). 1. Two-bedroom terrace; 2. Three-bedroom semi; 3. Four-bedroom detached; 4. Country house with paddock.

Bishop's Stortford: 31 miles; 34 mins; £1,728 (£2,592); 1. £58,000; 2. £75,000; 3. £110,000; 4. £400,000.

St Albans: 19 miles; 30 mins; £1,400 (£2,100); 1. £68,000; 2. £85,000; 3. £180,000; 4. £500,000.

Watford: 16 miles; 16 mins; £1,320 (£1,980); 1. £67,000; 2. £90,000; 3. £150,000; 4. £350,000.

Stevenage: 28 miles; 25 mins; £1,824 (£2,736); 1. £55,000; 2. £69,000; 3. £95,000; 4. £500,000.

Too many irons in the fire?

John Brennan looks at the heated debate over mounting applications to build golf courses

WHEN the Royal & Ancient Golf Club at St Andrews, Scotland, warned some time ago of a progressively acute shortage of courses in Britain, farmers and their land agents started to see bunkers by every cowshed. At a time of deeply-depressed agricultural land values, turning surplus fields into fairways became a pleasant and potentially profitable prospect.

The majority of Britain's courses were established before the Second World War and golfers had become concerned about the shortage of new facilities at a time when television coverage of international tournaments had boosted the sport.

But farmers' enthusiasm to find alternative use for their unproductive land, and the conversion of more and more armchair golfers to active play, has led to a heated debate on whether there are now too many planning applications for new courses.

Local planners have, by and large, been favourable to such schemes, since they tend to involve little extra building while adding to the leisure facilities of an area. In practice, as Mark McAndrew of estate agent Strutt & Parker says: "There have been a lot of sites where the owners have consent for golf use, but a lot will never be developed as golf courses."

Planning consent offers no guarantee of being able to attract member/subscribers to a self-financed club, or of attracting play-and-pay customers on a more open course. And, as McAndrew notes: "Finance for any leisure scheme is terribly difficult to get hold of now." But he dismisses suggestions of any widespread withdrawal of support by backers and doubts if he could identify as many as 10 financially-doubtful projects among the many dozens under way nationally.

Strutt & Parker, with more than 1m acres of farm and estate land under management, is keen to be seen as a firm with particular expertise in golf projects. And anyone offering a site for a prospective course at an asking price of £3.25m can be expected to be optimistic about the scope for fresh golf projects. McAndrew is no exception.

He argues that there still is substantial interest assuming the property fits the bill with a prime, well-located site. In this instance, it is the 180-acre Leggatts Park in Hertfordshire, north of London, that has been added to S&P's open-market sale list.

Having won planning consent for an 18-hole course, and permission to convert an existing building into a clubhouse, the family that has farmed the land since the late 1960s had tried to sell the property privately. But despite being just two miles (3.2 km) from the M25 London orbital motorway, and close to the dormitory town of Potters Bar, there was no interest from offshore investors or leisure development groups. The fact that the property is mature, undulating parkland with a good crop of trees still failed to draw the offers. Now that Leggatts Park is on the open market, S&P claims the asking price represents "only a limited premium value over residential/agricultural levels."

As a working farm alone, it is unlikely the property would be worth even half its price tag. But Leggatts is unusual in having such a substantial main house (nine bedrooms plus two additional staff flats) as well as four other houses, two of which have five and six bedrooms, with additional out-buildings.

Roger Pryor, head of S&P's leisure department, thinks it is "the best commercial golf development site available at present." How long it remains available could depend on how avidly prospective buyers have read the European-wide survey of golf facilities produced by Greene, Belfield-Smith, the leisure industries arm of Touche Ross, the accountancy-to-management consultancy group.

This 20-country survey, based on figures for golf facilities at the beginning of 1991, re-affirms and extends the projections of the forecasters at the Royal & Ancient. It expects that the pace of development of European golf schemes will overtake that of the United States in the near future and that Europe overall will become "the most rapidly-growing golf market."

The consultants' forecasts, while interesting, pale beside the core of the survey which is a course-by-course, hole-by-hole exposition of the state of golf in Europe. The most striking fact is that England on its own has more than a third of all the golf courses in the area between Norway and Greece.

The survey records 1,377 courses in England, with a total of 23,081 holes. Add Scotland's 471 courses and 7,247 holes, plus 126 with 1,958 in Wales, and the UK has more than half of Europe's grand total of 3,687 courses with 59,485 playable holes.

Self-evidently, golf facilities in the less-wealthy areas of southern Italy and Greece, rural Portugal, and the more northern regions of Norway and Sweden are few and far between. These golfing fringe areas do bring the Euro-averages down.

Nevertheless, the survey does help to discount any concern that the TV-inspired upsurge of interest in playing the sport would result in a mass exodus of golfers to the heavily publicised Mediterranean courses.

The level of marketing and promotion for villas and apartments by Spanish and Portuguese golf courses belies the comparatively-limited golf facilities available in those countries.

Spain, as the survey shows, has only 108 courses with 1,777 golf holes (fewer than Wales and only twice the score-card of Finland). Portugal has just 20 courses with 252 holes.

The consultants worked out that there are 112,000 people for every 18-hole golf course in Europe. That compares with 23,000 a course in the US. On the same line of argument, if every region of Europe became golf-conscious and sought to match present US golf facilities, an additional 15,000 golf courses would need to be completed. Even the Royal & Ancient might balk at that.

Why I no longer panic about primulas

*After 30 fear-filled years, **Robin Lane Fox** discovers the truth about a hardier-than-expected family*

THIS early spring is giving us an advance ticket to heaven. Crocus Cream Beauty has never been better; early camellias are in their element; the beads of yellow flower on the admirable Stachyurus will reassure anyone who may be wondering why the FT chose it recently as its Plant of the Week.

Admittedly, there has been one unwanted takeover: moss has overrun the gaps which two dry summers have caused in the lawn. Never mind: in Japan, they grow whole gardens of it. Meanwhile, my eye is fixed at ground level, where there is early movement among the primulas.

Primulas are not the natural friend of gardeners with my dry, stony soil. They like Scotland, cool conditions and plenty of rain in the growing season. However, I have been too scared for too long. In early spring, all the varieties of Primula Marginata appear to flourish locally although the soil is not exactly wet. They are enchanting plants whose leaves are fringed at the edges and whose flowers are usually a shade on the scale from lilac to violet. Linda Pope is the most famous, but there are a dozen others which are every bit as good.

They seem to grow so easily without running water or peat. I have been slow to realise their easy nature, but you might be quicker, especially if you sent for the reasonably-priced list of them from Potterton and Martin, Moortown Road, Nettleton, Caistor, Lincs LN7 6HX. The company supplies by post but likes three first-class stamps for a copy of its list.

These easy varieties have only just dawned on me, but my most acute blindness lies elsewhere: for years, I have also thought that all auriculas were awkward, too. I used to believe that they needed damp shade and had to be covered with glass in winter. This false impression derived from my grandmother's garden, which was turned into a cold frame in late autumn when auriculas were all given sheets of glass, like an umbrella.

The impression of difficulty was confirmed by exhibitors. They would show rare auriculas with flowers ringed in green and black: their leaves were dusted with a silver film which would never tolerate winter outdoors. The art of breeding lay in minute details, such as the clarity of the edge between the flower's centre and its contrasting outer rim. One great grower even told me that he would never handle his plants, except with the brush of badger-hair which he used when shaving his face.

Nowadays, badgers have to be

handled quite differently, but so do auriculas, because I realise that all these rules apply only to one part of the family. There are plenty of others which do not need glass hats; they do not need shade; they do not even need moisture. They seem to grow perfectly well in full sun in my dry and stony soil where their only shelter is the shade cast by other plants. They are thick with buds and I look back on 30 years, wasted under a misapprehension.

The next 30 years will not be wasted on false economies. It is easy enough to grow ordinary auriculas from seed or find them in any old nursery. Typically, the flowers are a dark maroon and have a cream ring smudged in their centre. The result is not very attractive, although it performs quite well. Named forms, however, are a different matter.

Like delphiniums, auriculas are one of those families whose selected forms make the seed-raised varieties look very inferior. You may have to pay up to £3 a plant for the best colours, but you can see them going through their paces in the next month or so and realise that you are buying quality.

The modern queen of the auricula is Brenda Hyatt, at Bluebell Hill, Chatham, Kent: she and her daughter delight the public every year at Chelsea with the finest forms in shades of green and black. These varieties will never survive outdoors in a garden, but others in the Hyatt stable are tougher. Alternative sources are Field House Nurseries, Leake Road, Gotham, Notts, or Craven's Nursery, Windsor End, Beaconsfield, Bucks. All three will send properly-packed plants by post, but do please send them three first class stamps if you write to ask for a full catalogue.

Everyone has their favourites, but the four which have given me most pleasure recently are Blue Velvet, Old Irish Blue, Paradise Yellow and Old Yellow Dusty Miller. I must emphasise that I have given them all a place in full sun, without any peat or winter protection. They have had a dash of explosive pig manure but nothing further. The past winter has savaged many of the silver-leaved plants nearby but the auriculas are all set up for heavy flowering, refuting the old idea that they are only fit for cool, northern gardens.

Of course, you can then move up and join the experts. Anything marked S Aur in the *Plantfinder* is a challenging show auricula which must be kept carefully under glass for most of the year. In their way, they are wonderful and not really very difficult, so long as they avoid rain or direct, continual sun.

Nonetheless, they are not the primulas which are now in my daydreams. As my gang of four increases, it will be divided, sub-divided and built up into a continuous ribbon of flower. Making up for the lost years, I aim to end up with hardy auriculas edging entire flowerbeds in the sun.

Prepare to do some serious weeding and feeding

*Spring is in the air and **Arthur Hellyer** is not ready to let the grass grow under his feet. He is busy getting his lawn into shape*

IN MY part of West Sussex, which has not been notably short of water, grass scarcely has stopped growing all winter. Indeed, I have been mowing it every month since November.

Admittedly, I have no really close-mown lawns: much of my grass is under fruit trees or around ornamental trees and shrubs. And I have rye grass and creeping bent grass, naturally-vigorous species that tend to grow even when conditions are adverse. So, I cannot complain.

I imagine, though, that things are very different in some other parts of Britain, particularly in the north, and that some lawns are going to need nursing back into condition. In any case, those who want first-class lawns must be prepared to do some feeding, and probably also some weeding.

What grass needs now is food containing a high percentage of nitrogen, and all special lawn fertilisers have this. People with large gardens may decide to save money by buying a high-nitrogen agricultural fertiliser. I use a 20:10:10 mixture – containing nitrogen, phosphoric acid and potash in those percentages – at about two ounces per square yard.

If growing conditions are good, I can see the effect in a deeper green colour and increased rate of growth within a week or so during April and May. But proprietary lawn fertilisers can differ a lot in strength and *must* be used according to label instructions.

Many gardeners use a wheeled distributor for even spreading. But if the distributor is adjustable, it might be advisable to fill it and wheel it over a large sheet of paper – ruled out in square yards or square metres – to get the rate of distribution just right.

It is easy to overlap when wheeling a machine over a lawn. This is why I prefer a fertiliser that shows up clearly on the grass. Double dosing through overlapping can cause damage.

Many manufacturers offer a mixture of fertiliser and selective lawn herbicide, which gets two jobs done at once. Personally, I prefer a separate liquid herbicide because I think this gives better cover, but I do not feel strongly about it.

There is, however, a more compelling reason for applying the herbicide, wet or dry, as a separate operation – namely, that you need treat only those parts of a lawn that are weedy. Apart from it obviously being a waste of time and money to use weedkillers where they are not needed, it also seems reasonable to avoid unnecessary use of anything that is designed to kill things, however selectively.

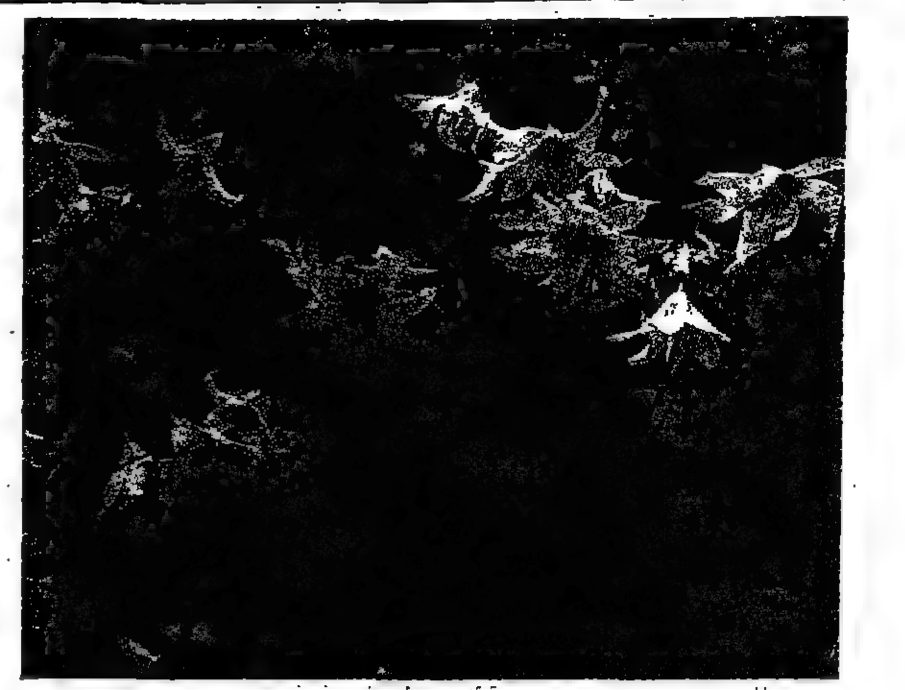
Do not cut lawns too hard early in the year. They need time to build-up strength after the winter, and they should have enough herbage to make good use of the natural food in the soil plus any added fertiliser.

Leaves are the factory of the plant, enabling it to produce all the complex organic compounds on which it depends for growth, and mowing reduces a lawn's ability to do this. Even in high summer, usually there is no point in cutting lawns below one inch unless they are required for games that need a true playing surface. But, for the next few weeks, lawns deserve extra-generous treatment and should be given every opportunity to build up strength.

For much the same reason, rollers should not be used except where they are needed to produce a true playing surface. They tend to compact the soil on top; this prevents air from getting to the roots and can cause all sorts of trouble, including killing grass and letting moss thrive. There are plenty of good, swift-acting moss killers about; but if moss has infested a lawn seriously, you might find that, when you have got rid of it, there is little left except weeds.

Moles have been very active in my lawns this winter, and I suppose this means there have been plenty of earthworms and leather jackets about. This is one of the penalties of living in the country, where it is almost a waste of time to try to get rid of the moles. Even if they are trapped or poisoned, the lawns are re-populated almost instantly from surrounding fields.

In town gardens, moles rarely are a serious problem; if the odd one arrives, usually it can be driven out easily by lighting special mole fusees in the main runs. You can find expert professional mole trappers in most country areas, although my experience is that their time is occupied pretty fully.



Plant of the Week

***Erythronium* White Beauty**

The precise origin of this splendid plant is uncertain but there is no doubt that it is one of the most beautiful of the Trout Lilies which are the North American counterpart of the European dog's-tooth Violets. The white flowers with orange markings at the base of the widely reflexed petals are two inches across and the green leaves are handsomely marbled. The plant grows strongly and carries its flowers well above the leaves, making a magnificent display in spring. It succeeds best in light shade where the soil is deep and rich in humus. The best time to move the bulbs is immediately after flowering, in April or May, lifting and replanting them with plenty of soil around their roots. *AH*

Despatches

Kurds struggle to rebuild

Harriet Martin examines some conflicting moralities in the efforts made to revive an Iraqi village destroyed by Saddam Hussein

SET *against the snow*, the line of red, yellow and orange trucks looks more like a stranded circus than a convoy of heavy industrial machinery. For over a month, these diggers, generators and graders have been sitting in Choman, an Iraqi village on the border with Iran, waiting to be sold to Iran.

The Iranians want to buy them, the Kurdish people need the money, but the Kurds living in Choman will not let them go.

The equipment comes from Iraq's $3bn Bekhma hydro-electric dam project. Over the past year, the half-finished site has been triumphantly dismantled by the Kurdish people. Fifty miles north of Arbil in northern Iraq, it was central to Saddam Hussein's strategy to control the Kurds.

In fact, the valley below the dam was never flooded. Now, the equipment has been looted and the luxury lake-side resort gutted: the project is defunct. Raising funds by selling off equipment brought in to destroy them is a *coup de grâce* for the Kurds, but it is one that is proving increasingly controversial.

Recently, these sales have been a vital source of income and food. But efforts by Kurdish leaders to prevent the loss of construction equipment across the border have now brought threats from Iran of a food blockade.

None the less Choman, which was one of the 4,000 Kurdish villages destroyed by Saddam, is being rebuilt. It is without electricity, and it wants one of the generators on the convoy to remain behind.

The original Bekhma plan was to build a hydro-electric dam across the Great Zab river. When Saddam came to power in 1979, he transformed this project into a much more ambitious scheme.

His intention was to disperse one of the most politically organised and articulate sections of Kurdish society, the Barzani people. Massoud Barzani, leader of one of the two main parties in Kurdistan, the KDP, is at the forefront of Kurdish nationalism.

The expanded Bekhma scheme was to have flooded the heavily-cultivated Barzan valley, destroying the livelihood of the Barzani people. In preparation for this, in the mid-1980s, the Iraqi army destroyed many villages and the Barzani people fled into exile in Iran.

The scheme also had the advantage of dividing Iraqi Kurdistan geographically in two – with an immense artificial lake – making military control of the region easier.

On the slopes of the Barzan valley, the Iraqis were building a luxury lake-side resort with boating marina, shopping complex, hotel, gym, hospital, mosque and hundreds of holiday chalets. Here, rich Arab Iraqis were to come and spend their leisure time. It was only half-complete when Iraq invaded Kuwait in August 1990, at which point the 4,000 Turkish and Yugoslav workers fled and work on the dam ceased.

Bitterness at this violation of the beautiful valley contributed to the site's destruction. The bungalows now shelter hundreds of Barzani families which, after months or even years of exile, have returned to rebuild the homes Saddam destroyed.

When Kawa's village was razed seven years ago, he and his family – wife, three children, his mother, two sisters and a brother – walked more than 100 miles across the border into Iran, where they lived in a refugee camp.

They returned in November. Their temporary home at Bekhma, which once had running water, electricity, air-conditioning and television, is cold, heated by just one small paraffin burner. However rudimentary it is, this accommodation now offers a solution to one of Iraqi Kurdistan's most pressing problems: the homelessness of displaced people.

The equipment, on the other hand, is creating problems. Local Kurdish people and the Front (an alliance of eight reformist groups led by the PUK and the KDP, the two dominant political parties) are having to face some difficult moral issues over its sale.

The convoy sits in Choman, waiting for decisions to be made. "It's been like this for weeks now," says a French doctor who is working in the area. "Local people have threatened to set light to the convoy if attempts are made to move it."

Efforts are being made to defuse the situation. Local Kurdish engineers are trying to bring in a smaller generator; even the intended Iranian buyer has been to Choman to try to sort out the dispute. Some Kurds feel that the Iraqi equipment which was brought in to destroy their towns and villages should now be used to rebuild them. "I don't understand why we are selling it," said one aid worker, "when it is exactly what we need for the reconstruction programme."

In contrast to the well-publicised short-term UN programme intended to take people through the cold winter, Kurdish development organisations have been rebuilding houses, hospitals and schools. In Arbil, there are workshops turning out 150 school desks a day. Everywhere, you see people on the roofs of houses using heavy rollers to flatten the recently-laid mud roofs.

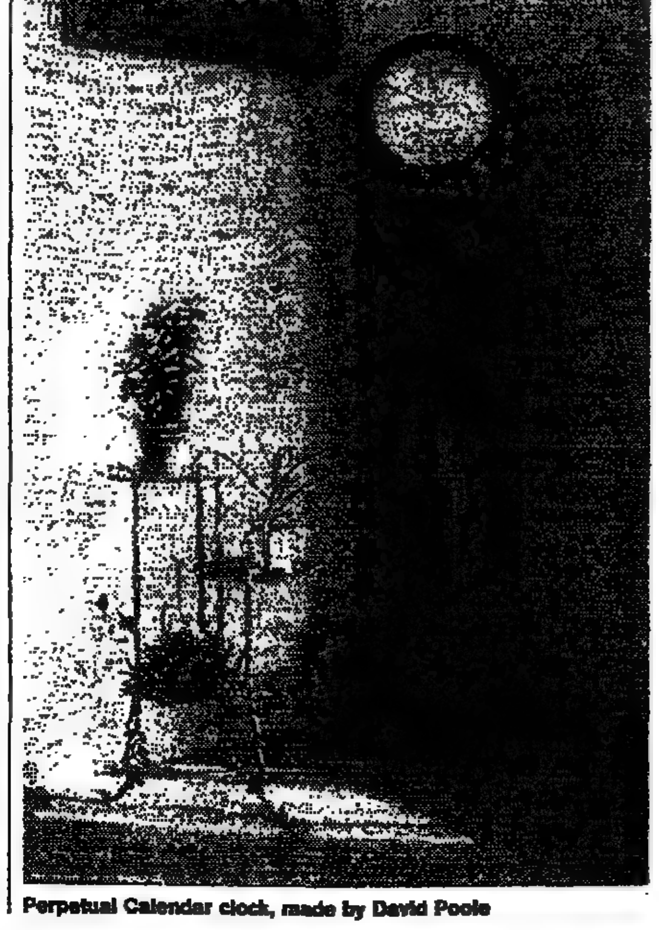
Underlying all this activity, though, is an uncertain future. In a few months, the Kurdish people could once more be exposed to the brutality of Saddam. The six-month extension of the Memorandum of Understanding with Baghdad has committed the allies to providing air cover until the end of June. The UN, *on the other hand*, is intent on pulling out at the end of April. Then the weather will be getting warmer, and thousands of Kurds are expected to return from exile in Iran. It is reluctant to be drawn into this new phase of reconstruction, which would require a level of commitment to the Kurds that would go far beyond helping them survive a single winter.

Once the Kurdish people are left without allied protection, it is important that the Iraqi government equipment should be seen to have been "looted" rather than semi-appropriated by the Front, which could then be held responsible for its disappearance. Whether it is or not, no one seems to know.

However, ridding Kurdistan of equipment brought in to destroy it is central to the sales. Furthermore, the remaining equipment increases the ease with which Saddam could one day resume his onslaught on the Kurdish people.

In Choman, a few men, some with guns flung over their shoulders, are hanging around the vehicles. Nothing seems to be happening.

Leaning against one of the trucks, a young man with eyes like jewels smiles at me. I ask him what the problem is with the convoy. Passionately, he explains: "There are no arguments between Kurds, it is Saddam who has turned us against one another. We are not really divided. One day you will come back and this place will be beautiful. The hills will be made of gold; the trees will have golden leaves."



Perpetual Calendar clock, made by David Poole

Private Passions

As time goes by

THE OLD clock on the mantlepiece is the still centre of a household, measuring a family's comings and goings from generation to generation. It is a potent symbol of continuity, a thing of beauty, a marvel of precision. But even clocks grow old, and antiques are in limited supply. Who today is producing the sort of clocks that our great-grandchildren will revere?

David Poole, of Holmfirth in the West Riding of Yorkshire, is one of the few craftsmen whose name can be summoned up to answer that question. It is always unnerving to meet perfectionists; doubly unnerving to meet a perfectionist in horology. David Poole is a neat, precise, extremely modest man; there is nothing intimidating about him. But the marriage of precision with the objective of measuring time is bound to disturb anyone prone to idleness, or mortality, or simple imperfections.

Last year the Worshipful Company of Clockmakers set up a competition for the design and execution of a Perpetual Calendar Clock; the winning entry now stands in David Poole's living-room. For as long as you live, this clock can tell you in which second of which minute of which hour of which day – and date – of which month you are living in.

The movement of the clock is similar to that of the regulators once used by watchmakers to ensure precise adjustment of their watches. Such regulators never carried perpetual calendar mechanisms, for fear of compromising accuracy.

But the perpetual calendar mechanism in David Poole's clock is driven by a separate falling weight which facilitates date changes (including the accommodation of leap years) with minimal variation in the clock's timekeeping. The duration of the clock is one month: the weight for the calendar mechanism requires raising once a year. This is an innovative clock. It is also a marvellously well-made piece of furniture.

Apart from the engraving of the numerals and dates, everything about the clock bespeaks the skill of one man. David Poole produces all his own components, down to the smallest screw or pinion. "You actually make your own screws?" asks the bumbling DIY dabbler. "Of course," he replies. This self-sufficient perfectionism includes a catholic range of skills: design, engineering, metalworking and cabinet-making.

David Poole teaches a couple of days each week at the School of Horology in south Manchester; he spends most of his horological time repairing antique clocks. So creating tomorrow's antiques is very much a hobby-horse, pursued out of personal absorption. The prize-winning perpetual calendar clock took 18 months to conceive and construct. Mrs Poole rolls her eyes when you ask her how much she saw of her husband during that time.

It is reminiscent of Matthew Boulton, favourite 18th century clockmaker of Sir Nicholas Goodison, the distinguished antiquarian horologist and former chairman of the London stock exchange. Boulton's masterpiece was a "sidereal" or star-oriented clock, now celebrated by the Birmingham City Museum. But no one would buy it when it was made – and Boulton gloomily recorded that he would be more successful if he "had made the clocks play jiggs upon-bells and a dancing bear keeping time."

Likewise, David Poole would probably make much more money if he created clocks which squirted electronic minuets on the hour. But he is hopeful that the quality of his work will win him the commissions he needs to design and manufacture his own clocks, thereby relieving him of the onus of repairing antiques.

In early April he joins a quintet of independent British clockmakers in their first appearance at the European Watch, Clock and Jewellery Fair in Basel. Making clocks for posterity is all very well – but it is the present which either endows or cheats posterity.

David Poole, Grad.BHI: Ramsden House, Brownhill Lane, Holmbridge, Holmfirth, Huddersfield HD7 1QW.

Nigel Spivey

BOOKS

A great philosopher bares his soul

A.C. Grayling admires the intelligence, generosity and wit of Bertrand Russell

IT IS characteristic of Bertrand Russell that when in 1895 he won his Prize Fellowship at Trinity College, Cambridge, he donated his stipend to the newly-founded London School of Economics. His instinctive generosity did not only express itself in financial terms; to almost everyone he knew he was generous in many intellectual and emotional ways. His letters testify luminously to this trait, as they testify also to his scintillating intelligence and delightful wit. All these facets of Russell are present to us in these letters, each of them serving as a record, preserved in typically sharp, lucid prose, of the freshly-minted responses of a brilliant yet extraordinarily humane mind.

Nicholas Griffin tells us that there are nearly 50,000 letters in the Russell archive. For this volume, the first of two, he has chosen 240, all but one previously unpublished. They cover Russell's first four decades, taking us to the event which impelled him into his controversial public career: the outbreak of the First World War. The projected second volume, still in preparation, covers the remaining six decades of Russell's life, throughout which he was prominent on the international stage as social reformer, peace campaigner and philosophical gadfly stinging the body politic.

THE SELECTED LETTERS OF BERTRAND RUSSELL: VOL.1, 1884-1914
edited by Nicholas Griffin
Allen Lane The Penguin Press £25, 640 pages

Griffin's achievement in this first volume is a splendid augury for its successor. He has in effect given us a new biography of Russell, skilfully weaving the letters into an explanatory narrative of notes and commentary. It is notable that most of Russell's letters are to women, indeed to the small group of women who were most important to him in this period: his grandmother, who brought him up; Alys Pearsall Smith, his first wife; and Lady Ottoline Morrell, with whom Russell had a love-affair which liberated him from the sexual and social poverties of his earlier life.

To these women Russell wrote intimately of his feelings, hopes, work, friends and conversations. He wrote almost daily, and at length, in characteristically fluent style, so that the letters constitute a remarkable diary, comparable in its autobiographical and literary value to Pepys or to Rousseau's memoirs, and even more gripping than the epistolary fictions of Richardson because they convey the genuine personal testimony of a great and passionate mind. Only to these women did Russell write so fully; to male friends his letters give less of his inward mind and therefore more that is inessential.

The volume begins with Russell's boyhood letters to his grandmother, widow of the reforming Prime Minister Lord John Russell. She brought up the orphaned Russell at Pembroke Lodge in Richmond Park in an atmosphere of priggish austerity. Hunger for affection remained, Russell later said, one of the permanent compulsions of his life. Tutors and nannies fostered his precocious talents, and at 19 he went up at Cambridge to read mathematics and then philosophy, becoming a Prize Fellow of Trinity at the age of 23.

While still an undergraduate Russell fell in love with a Quaker five years his senior, Alys Pearsall Smith. Soon after graduating, and against his family's determined opposition, they married, so beginning a period of happiness in which Russell produced his greatest work in logic and philosophy. This was not at Alys's expense; the letters show that Russell was a "new man" a century before the expression was invented, for he and Alys devised a "complicated mutual-adjustment system" of marriage which reflected their opposition to traditional views about women's roles. Both were ardent feminists, and even as Russell was writing (with A.N. Whitehead) his great three-volume treatise on the logical foundations of mathematics, the *Principia Mathematica*, he stood several times for Parliament as a woman's suffrage candidate. Later, with Ottoline Morrell, he experienced again the fruitful ecstasy of love which, paradoxical as it seems, inspired some of his best technical work.

Russell never believed in academic exclusiveness, and to any interested correspondent he enjoyed giving lucently pithy accounts of his work. As a result the volume describes Russell's philosophical progress from student to internationally famous savant in a series of brilliant vignettes drawn by Russell himself. But even in these letters the discussion ranges widely, touching with equal ease on history or politics, music or personal matters. Concerning these last, Russell was an indefatigable correspondent, entirely unpretentious and full of affection.

The Russell one meets in these pages is enormously likeable and admirable. Griffin's choice of letters portrays something very different from a Mr Apollinax ravishing maidens. It has become fashionable, even among philosophers, to undervalue Russell's contributions; but both in technical philosophy, where his influence so pervades that citation of his works is no longer necessary, and in the social revolution which freed 20th-century minds from Victorian fetters, Russell is a central figure. He merits celebration, and this volume marvellously demonstrates why.

China trapped in a maze of tyranny

Derek Davies on the plight of the Chinese citizen

ONE OF the most heart-rending of the television images broadcast from China during the post-Tienanmen crack-down of 1989 was that of a student being bussed away from an abortive demonstration in Shanghai. Leaning from the bus window and speaking to camera in English he mourned: "China is a hopeless country."

A great Chinese weight of tyranny, of pressures from history, society and culture, and of repeatedly shattered hopes and illusions, squeezed out this unpatriotic verdict on his fatherland. It is one largely shared by the two authors of these books: one a "foreign devil" professor of Chinese at Australia's National University at Canberra, the other a Chinese child of Mao Zedong's blood-stained revolution, now in exile in Britain.

Jenner's book is an admirable attempt to map the Chinese psyche in a series of chapters discussing the various burdens that a Chinese acquires at birth under whose weight he must grunt and sweat through his or her weary life, and the man-made partitions which shut off horizons.

The burdens of the past are heavy, symbolised by the emperor figure, and all the authoritarianism and centralism that system of government entails. The occasional imperial progress to parts of the kingdom failed to allow the real world to penetrate the maze of courtyards, gateways, silk curtains, kowtows, corrupt mandarins and conspiring eunuchs which separated the man in the fields from the dragon throne.

It was a pattern of rule to which China's last-but-one emperor, Mao himself, reverted. He spent his last years immured in a suite of rooms in the Forbidden City, mostly in bed reading the classics and taking food only from a favoured maid servant. Jenner argues that Deng Xiaoping has become the latest in the line, once boasting that he works only a quarter of an hour per day.

The family; the neighbourhood committee; the community; the legal and security systems; the bureaucracy; the Party; the Emperor: the concentric circles ring every Chinese citizen and never widen. The social limits have their physical equivalents: the interlocking rooms and courtyards of the Chinese home; the surrounding walls repeated in macrocosm in the fortifications around towns and cities and around northern China itself: 50,000 kilometres of wall to keep the barbarians out and the Chinese in. Even in death, an official lay nested within six or eight coffins, boxes within boxes.

Jenner's weakest chapter seeks to close off the optimists' hopes for ways out of the past. The "plastic" version of neo-Confucianism he rightly characterises as a self-rationalisation for "elected dictatorships" like Singapore, but he neglects to discuss the very real advantages of non-confrontational consensus politics compared with the diverse wastefulness of Western democracies. Similarly, he discounts East Asia's genius for capitalistic growth and its burgeoning in South China. Economic success he largely ascribes to inherited colonial experiences (but what of Thailand?). Neither does he give democracy much chance: "Authoritarian values . . . cannot accommodate the existence of rival (views). The state is absolutist."

Such arguments ignore the fact that economic successes in East Asia's "Confucian" states have created middle classes (and their university-educated offspring) that are effectively demanding an ever-greater say in the government. They ignore the openings to the outside world inherent in growth (trade, foreign investment, technology transfers and so on). Jenner should attend a few opposition party election meetings in Taiwan and marvel how brightly the lamps of democracy, anti-corruption and human rights burn after a century of Japanese occupation and Kuomintang oppression. The societies which are emerging have much in common with modern Western societies (something Singapore's neo-Confucian apologists find unacceptable).

THE TYRANNY OF HISTORY: THE ROOTS OF CHINA'S CRISIS
by W.J.F.Jenner
Allen Lane The Penguin Press £18.99. 248 pages

WILD SWANS: THREE DAUGHTERS OF CHINA
by Jung Chang
HarperCollins £17.50. 524 pages

Jenner does not write like an academic – a great compliment in my book. Unclogged by footnotes, the chapter-essays swing along with the convincing verve of a good leader-writer, with an eye for the telling phrase. "This book deals briefly with vast issues too urgent to be left till they can be viewed with the wisdom of hindsight", he opens, while denying any claims to originality.

Jenner stretches a polemical canvas on a socio-political framework, but it is Jung Chang who paints the darkly epic picture. Her book is on a Victorian scale covering the gamut of Chinese society, vast areas of China itself and spanning three generations: her grandmother, mother and herself and spanning the 20th century. Her grandmother, complete with bound feet, becomes the concubine of a pre-revolutionary warlord (the story of women in China plumbs fresh depths of oppression and humiliation). Her mother flees to Manchuria, suffering Japanese occupation and becoming an anti-Kuomintang agent for the Communist armies, marrying a prim, idealistic guerrilla fighter. Their patriotism is rewarded with good jobs once Mao's forces triumph.

Too soon, however, the dark, destructive forces of Mao and palace politics turn revolutionary hope into cynicism. The family survives the Korean War; the idiocies of the Great Leap Forward; the bitter years of famine; the neurosis of the Cultural Revolution; the Maoist Purges: but all bring appalling suffering to the patriotic pair and their children. Through long separations, terms in jail, exiles in the countryside, denunciation as class enemies and KMT agents, ill health, random violence and bitter betrayals, the early zeal and idealism are gradually leached out. Finally, just before his death and still under false suspicion, the father admits: "If I die like this, don't believe in the Communist Party any more."

Jung Chang herself has her first contacts with foreigners and with English literature. Finally she glimpses Mao's feet of clay and asks herself yet again: "If this is paradise, what then is hell?"

The tragic story of the three true daughters of China is told with what rings out as absolute honesty, with that mixture of intelligence and naivety which is truly Chinese. The book is a huge tour de force, the inside story of what was really going on while the outside world peered fitfully in, only guessing at the damage the imbecilic Mao was causing his country.

Jung Chang escapes to England, rejoices in Deng Xiaoping's reforms, and is cast down by Tienanmen, although she claims that China has become altogether a different place since she left in 1978 and that the once all-pervasive fear has diminished. But the happy escape to the west of Jung Chang and her three brothers lights no way out of the maze for the rest of the one billion Chinese.

Black though the prospects may seem from both these admirable books, China's neighbours do offer glimpses of light at the end of a long, dark tunnel. In the last month, Deng Xiaoping has performed the latest metamorphosis in his survivalist career, denouncing the inflexibility of the very hard-liners he promoted to the highest office after Tienanmen, and giving his personal blessing to the almost unrestrained economic warlordism which is transforming whole tracts of South China. There is no reason to believe that, if "bourgeois capitalism" is allowed to blossom, it should not bring to China the material and social benefits it is bringing to other, once poverty-stricken, countries of the region.

When anti-semitism ruled in Italy

THOUGH THE Jewish population of Italy before the Second World War was numerically small (approximately 47,000 in a country of 45 million), it was disproportionately important in Italian life, not only – as might have been expected – in commercial life, but also in the worlds of culture and politics. There were Jewish members of Parliament, Jewish mayors, Jewish cabinet members; there had even been a Jewish prime minister. There were Jewish musicians, artists, scientists, and a whole array of brilliant writers, from Italo Svevo in the early years of the century to the young Alberto Moravia.

Since ancient Roman times the Italian peninsula had served as a place of refuge for Jews, though there were alternating periods of repression and tolerance, until finally – with the unification of the country in 1870 – the last traditional restrictions were abolished, the gates of the last ghettos were torn down, and a period of what promised unlimited opportunity for assimilation began. The coming of Fascism in 1922 seemed, at first, to effect no changes in the situation. Indeed, much of the solid, conservative Jewish bourgeoisie joined the Fascist Party, and was welcomed into it. Like many Italians, the Jewish leaders applauded what looked like a new national stability, and if this came at the price of a certain amount of bombast and regimentation, it was worth it, as the nation gained self-respect and convincingly assumed the guise of a world-power.

Even in those early years, of course, there were Italians, including a number of Jews, who distrusted Mussolini's hollow rhetoric, who suffered at the suppression of freedoms, and were aghast at the real lawlessness – as the murder of the Socialist parliamentarian Giacomo Matteotti made clear – concealed behind Fascism's jerry-built facade. After Hitler's rise to power, Mussolini at first distanced himself from his German epigone, especially from his anti-semitism. But a few years later, when political expediency demanded it, Mussolini fell in line and promulgated the "racial laws" of 1938. For many Jewish anti-fascists, this was a signal, and a number of them began leaving the country.

Those who could not leave soon adapted to the anti-Jewish restrictions, which in the beginning were generally applied without great vigour. But then came the Allied invasion, the collapse of the Italian government, the German occupation of the country (except for the South, now in Allied hands); and at a certain point, the round-ups, the mass murders began.

BENEVOLENCE AND BETRAYAL: FIVE ITALIAN JEWISH FAMILIES UNDER FASCISM
by Alexander Stille
Jonathan Cape £20. 365 pages

Jews and many Italian non-Jews lived in a world of hunger and delation. Partisan resistance grew stronger, as die-hard Fascists regrouped around the resuscitated Mussolini; soon Northern Italy was engaged in what amounted to a sanguinary civil war. This cruel period of Italy's history is not well known outside the country, and even Italians prefer not to think about it. It has served novelists – like Elsa Morante, for her epic novel *History*, and Giorgio Bassani, for his poetic, but harrowing stories of Ferrara – more than it has served historians.

Now the young American writer Alexander Stille has revisited that time and its mortal problems with the investigative eye of a skilled reporter, but also with the compassion and sense of the individual more characteristic of the writer of narrative. On the most immediate level, Stille tells stories: the lives of five Jewish families, some of whom survived, some of whom succumbed. All are Jewish, but some are more Jewish than others; and all are Jewish in different ways.

To begin with, the privileged life of the rich Ovazza family of Turin is in dramatic contrast with the close-to-the-bone existence of the poor inhabitants of Rome's ghetto, while the glamorous Genoese playboy-aviator Massimo Teglio, not a very observant Jew, as the Nazi and Fascist anti-semitic activity worsened found himself elbow to elbow first with the saintly rabbi Riccardo Pacifici, then with a young priest – another unlikely Scarlet Pimpernel – Don Francesco Repetto, involved in rescuing Jews and smuggling them into Switzerland.

Stille tells these and other stories almost without editorialising. The events – and, where possible, the survivors – speak for themselves. And the result is a vivid, eloquent page of history: not just Jewish, not just Italian, but human. The individuals emerge, often heroically; but the context is also clearly presented. No mean task, for boundaries are blurred: there were good Fascists, there were bad Jews, some Germans were more understanding than others.

Though half a century has passed since the mass-deportations from Italy, the subject is still sadly timely, as racism and anti-semitism seem resurgent. A new generation has to learn the lessons that cost its parents and grandparents so much. Stille's admirable study can provide a vital – and irresistibly readable – text.

William Weaver

Fiction

A dubious victory and kinky sex

JIM CRACE'S first two novels, *Continents* and *The Gift of Stones*, were triumphant leaps of literary imagination, utterly compelling fables set in other worlds, other times. Though his third novel displays much of the skill of his previous work, this time the magic is strangely lacking. *Arcadia* tells the story of Victor, an 80-year-old millionaire who, haunted by memories of his impoverished youth, decides to clear out his unnamed city's market district in order to build a modern shopping mall as a monument to his long-dead mother. In this, he is opposed by Rook, an embittered former employee who becomes an agitator on behalf of the city's threatened marketeers. Their conflict climaxes in a New Year's Eve conflagration that leaves one dead and the other grasping a dubious victory.

Although it starts strongly, *Arcadia* soon organises itself along such conventional lines – corrupt city versus idealised country, vain wealth versus humble industry – that it eventually loses its power. Crace is too intent on myth-making here, forgetting that a fable must grow out of a story rather than be imposed upon it. His diffuse, ornate style tends to obscure his drama and flatten out his characters. The section dealing with Victor's childhood, spent publicly sucking at his beggar mother's breast until the age of six, is original and affecting, though the elderly Victor is nothing more than a papery old cipher, wandering his penthouse at night, dreaming rather dubiously of innocence. Likewise with Rook, who starts out as an intriguing social climber but ends up a problematic avatar. And the calamitous ending seems more a product of an authorial scheme than any internal combustion.

ARCADIA
by Jim Crace
Jonathan Cape £14.99. 352 pages

VOX
by Nicholson Baker
Granta Books £7.99. 169 pages

REAL LIFE
by D.J.Taylor
Chatto & Windus £14.99. 265 pages

KORZENIOWSKI
by James Lansbury
Serpent's Tail £7.99. 176 pages

Nicholson Baker's much-hyped *Vox* involves a single conversation on an adult chat line between a couple who end up sharing their innermost fantasies and secrets in a *pas de deux* of mutual arousal. Jim is fascinated by the mechanics of female masturbation, while Abby has fantasies about being serviced by a squad of house painters. Linked only by satellite, they verbally probe their way toward mutual climax.

Baker has hit upon a very contemporary notion – the complicity of sex and telecommunications – and brings to bear upon it his much-celebrated power of minute observation. But where this style served him well in his earlier work examining a lunch break or baby care, it seems distinctly undernourished tackling the big theme of sexual imagination. The only thing we ever know about Jim and Abby are the few fantasies they choose to share. This might have worked as a short story or even the first chapter of a novel, but as it is *Vox* is like overhearing a conversation between strangers one has no hope of encountering again. Despite moments of prurient interest, it remains a slight literary exercise.

Kinky sex is also a theme in D.J. Taylor's *Real Life*, the story of Martin Benson, a young pornographer who retreats from Soho to Norwich after a decade spent writing such films as "Schoolgirl Lust". Unfortunately, real life in the provinces proves just as trying as make-believe in Soho, with dumpy girlfriend Suzy and dubious mate Fat Eric making demands our hero just cannot meet. To complicate matters further, Martin's prurient past comes back to haunt him in the form of plain brown envelopes filled with some very disturbing photos that start dropping through his letter box.

Taylor's novel is engaging and believable, though not quite as funny and racy as you might expect, given the subject matter. He has a strong sense of character and builds his story's momentum nicely, though attempts at Martin Amis-like humour are undercut by stiffly ornate prose and a too-conventional imagination. A good read, but Taylor will do better when he tackles a subject more conducive to his temperament.

Korzeniowski is a literary detective novel which examines the events surrounding the composition of Joseph Conrad's short story *The Secret Sharer*. First-time novelist James Lansbury blends supposedly eyewitness accounts and literary criticism to see if in 1884 Conrad, then a young captain by the name of Korzeniowski, actually did, like the story's narrator, spirit away a fugitive seaman wanted for murder. Although individual parts of the book are well done, especially a Freudian essay and the testimony of an old sea dog who claims Conrad and his sharer were homosexual lovers, Lansbury fails to shape his material into a compelling narrative. Devoted fans of Conrad and practitioners of textual analysis may find much of interest here, though the general reader will be rather less satisfied.

Stephen Amidon

Trouble with the system

IN THE old Soviet Union there used to be a joke: "The past is unpredictable". Mikhail Gorbachev then declared it was time to fill in the blank spots of history. In theory, this should have opened the way to meaningful prediction of the future. So it is ironic, note the authors of *After Communism*, that, despite this filling in of the past, today the future seems all but impossible to predict.

Still, they chance their arm in this book, as journalists should. Here they focus on the uncertainties in the former Soviet Union, the population explosion around the southern Mediterranean, and the prospects for Germany. Predictions are always liable be to be turned on their heads. Some are a bit obvious. "The conservatives are stunned for the moment, but have not disappeared from the political scene. They may eventually become part of an authoritarian, xenophobic Slavic movement for the resurgence of an all powerful Russia." Other predictions are too elliptical to grasp. "One fine day the world wakes up to find a nationalistic Russia transformed into a dictatorship with a binding grip on other Slavic lands and Kazakhstan. Is this the resurgence of Communism? Not at all. Of a form of Czarism? Most certainly."

This sort of thing is both stimulating and confusing. Full of many such revealing judgments, the book should be accompanied by a bottle of good claret, bottled a year or two before the Soviet coup, so as to give an historic balance. One of the people who stood against the coup, shoulder to shoulder with Boris Yeltsin, was Anatoly Sobchak. The Mayor of St. Petersburg now presents his own story in *For A New Russia*.

First of all, Mr Sobchack writes (though his translator is not given a credit) very well indeed, and a lot better than Yeltsin or Gorbachev. This is indeed a major factor in lending credence to his view of things. He remarks that people in civilised contries as a rule have little interest in politics: will they spend days and nights in front of their TV sets watching live reports of legislative debates? Of course not, says Sobchak – there are things which are much more interesting to this blessed citizen, such as business, culture or sport. It is good to hear that sort of thing from a Russian (or any) politician.

AFTER COMMUNISM: FROM THE ATLANTIC TO THE URALS
by Jacques Lesorne and Bernard Lecomte
Harwood Academic Publishers £14, 271 pages

FOR A NEW RUSSIA
by Anatoly Sobchak
HarperCollins £16, 191 pages

In fact his whole account of the last three years is refreshing because it is written from a personal point of view which, in the accuracy of its observations and its humour, carries the ring of conviction rather than self-justification. It is also generous. The courts were not manned by dishonest or mercenary people, Sobchak claims. The majority of their personnel were honest and decent people. "But the system as a whole, the entire mechanism of law enforcement agencies . . . has led to a perversion of the law and erosion of human rights for all – the accused, the investigators, and the judges themselves."

Making the point about the degradation of society another way, he quotes a Russian joke about the plumber called to fix a leak. "Thank you very much for coming . . . There's a real deluge in the kitchen every night." "I see," responds the plumber, "the system has to be changed." "Will it cost much?" asks the anxious tenant. "Who said anything about money? I said the *whole system has to be changed*". Sobchak is not harsh on Gorbachev and certainly does not condemn him either as a traitorous General-Secretary or a radical dictator. He believes anyone would have to be either a zealot or a madman to retain faith in communist ideals which, all over the world, have led to such inhuman regimes. He judges the former leader as a statesman to whom both politics and ideology are simply means.

"When you start seeing only what's wrong," a theatre producer told him, "take a pill and go to bed" Sobchak remains very much awake. He believes in a Russia populated by prosperous, property-owning democrats who choose to belong to a confederation of self-governing republics. The only question is how to get there. His account of A New Russia suggests that if he were running for office here in Britain Mr Sobchak would be elected by a landslide. Fortunate the country that can produce such men in such hard times.

David Spanier

Lively mind behind an easel

OSKAR KOKOSCHKA LETTERS 1905-1976
selected by Olda Kokoschka and Alfred Marnau
Thames & Hudson £24.95, 320 pages

THE AUSTRIAN-born painter Oskar Kokoschka, a selection of whose letters is now published in English translation, lived in Britain from 1938 until 1953. He had friends who helped him settle in a country where his work was little known at that time and, if known, not particularly well liked.

Kokoschka grew up in Vienna, during the last era of Franz Joseph's Austro-Hungarian Empire. His father, who had once owned a jewellery business, was reduced to making a precarious livelihood as a commercial traveller. Yet the boy was able to develop his creative gifts within the educational system and enrol at the School of Arts and Crafts. After a period as a young blood in Viennese cafe society, he moved to Prague where he met his wife Olda. His Czech visa saved him in the UK from internment on the Isle of Man when war broke out.

Thanks to his friend Edward Beddington-Behrens, Kokoschka was given a studio in Park Lane – then deserted because of the blitz – and he began to earn enough from painting to rent a flat in Swiss Cottage. Eventually he moved out of London to Polperro and then to the Highlands of Scotland.

Yet whatever the circumstances he retained, as this book shows, a remarkable vigour of mind. Long letters written to his friends when the war was over deplore the post-war carve-up of Europe, its ideologies and its idols. "Picasso" he writes "dresses beautiful windows giving onto a future paradise as only a window-dresser can." By contrast Kokoschka turned to Hades for a subject and worked on a vast Rubensian triptych embracing Persephone, Prometheus and the Apocalypse, designed for the ceiling of a house in Exhibition Road, Kensington. The owner, Count Antoine Seilern, bequeathed this stupendous work to the Courtauld Institute, where it is currently on show in Somerset House.

In 1953 Kokoschka and Olda became residents in Villeneuve, Switzerland, and in 1980 aged 93 he died there. In his vigorous old age Kokoschka remained restlessly eager for new experience. He travelled widely in Europe and made regular visits to Salzburg where he designed sets for Furtwängler's *Magic Flute* and presided over his own Summer School in painting.

"Don't weaken even by half! Life is so unfathomable that we have to survive the test with patience, like Job." he wrote to the conductor who was now terminally ill. Kokoschka recalled the time when, as a dragoon in the Imperial Austrian Army on the battlefield of Galicia in 1915, he had his lung pierced by a bayonet. "Only my dying horse, kicking me in its death throes from time to time, woke me from a lethargy that could have ended in my death."

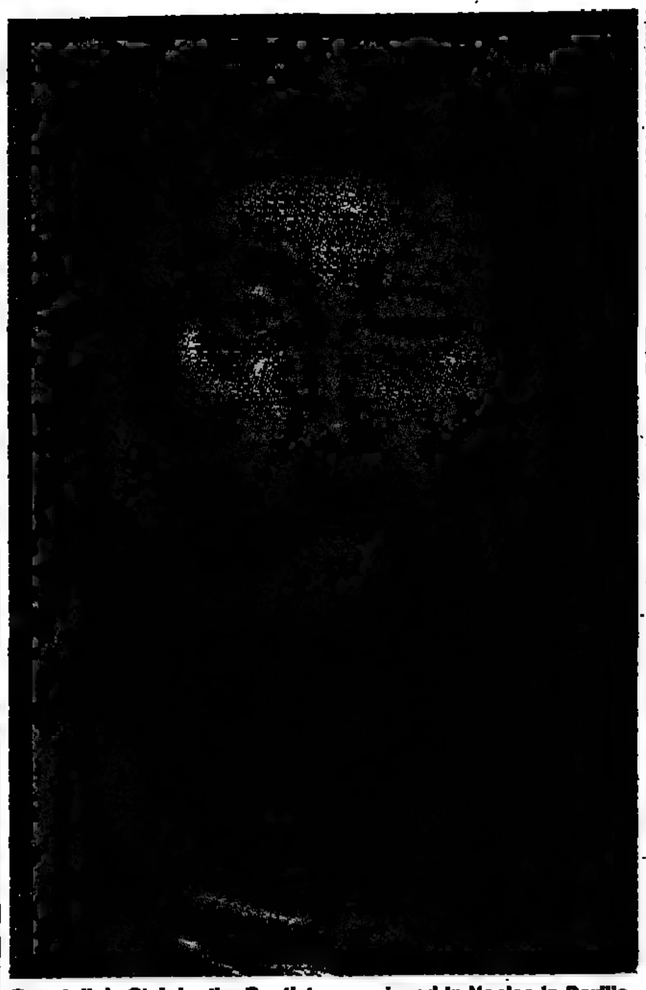
A celebratory sense of resurrection, which may be traced back to this Dosteovsky-like episode, is the distinguishing feature of Kokoschka's vibrantly alive paintings. There is an urgency in all his work that was mirrored in his life. It is as marked in his panoramic cityscapes as it is in his portraits of world statesmen or of society women like Nancy Cunard or his friend Kathleen, Countess of Drogheda. These portraits, of which he did a great many, show the painter's depth of insight into the sitter's nature.

Kokoschka's early paintings revealed a debt to Van Gogh while his mature work was frequently compared with El Greco. In the reference books he is always classified as an Expressionist. He became irritated by these labellings and claimed that, if it was to be pinned down in this way, his work enshrined the spirit of Baroque, its dramatic sense, its continuity with the spirit of mediaeval Europe.

The early letters were written at a turbulent time of cultural life in Vienna when many young artists were kicking against the by now restrictive Secession. This mood echoes through letters to men who were powerful in forming taste and values during the pre-Anschluss period – the architect Adolf Loos, the editors Karl Kraus and Herwarth Walden. But Kokoschka was more interested then in women than in art-politics. There are many passionate love-letters, highly possessive in tone, to Alma Mahler, widow of the composer, who turned him down for the architect Walter Gropius.

In the absence of a full biography the book is welcome for the intimate picture it gives of Kokoschka's ceaseless questing and questioning; his lifelong interest in, for example, a universal thinker like Comenius. The translation from the often idiomatic German by Mary Whittall is good; the editing rather minimal, involving the reader in a lot of tiresome back-tracking to find out who everyone is. There is surprisingly little about individual paintings. When he wrote a letter, as he frequently did, Kokoschka looked beyond the easel to the world.

Anthony Curtis



Donatello's St John the Baptist, reproduced in Venice in Peril's lavishly illustrated study of the international response to the Venice floods of 1966, 'Venice Restored 1966-1986' (Electa £25, 236 pages: also available from the Venice in Peril Fund)

High on concept, low on meaning

THE RE-ENCHANTMENT OF ART
by Suzi Gablik
Thames & Hudson £12.95, 191 pages

SERIOUS ART
by John Passmore
Duckworth £29.95, 301 pages

SUZI Gablik's new book is a passionate plea for making modern art relevant to the way we live. The appeal is timely, since most modern art this century, in its high-minded and high-handed way, has done its best to alienate its audience. An example is the sculptor Richard Serra, who in 1981 erected his monumental steel structure *Tilted Arc* in the middle of downtown Manhattan. Suddenly confronted by a 120ft long, 12ft high, 73 ton leaning curve of welded steel, local workers objected. After three days of public hearings and a 1300-signature petition, *Tilted Arc* was removed. "What the *Tilted Arc* controversy forces us to consider," Gablik says, "is whether art that is based on notions of pure freedom and radical autonomy – without regard for the relations we have to other people, the community, or any other consideration except the pursuit of art – can contribute to a sense of the common good."

Gablik endorses the view that much modern art mirrors the meaninglessness of society, its addictive consumption and its lack of any "great integrating vision". Drawing on feminist theory, environmentalism and "new age" rethinking about the myths and symbols underpinning our spiritual life, she proposes a new agenda for art with an updated version of Vasari's *Lives* to match. There is Fern Shaffer, for instance, who, like an ancient shaman, performs solstice rituals to reacquaint his audience with the rhythms of the universe; the Scottish artist Andy Goldsworthy, who makes sculptures with what he finds – leaves, flowers, snow – which melt or blow away within a day (a success in Japan, where he says it is in the nature of the Japanese not to question the value of something which is not going to last); Dominique Mazeud, whose art consists of clearing debris from the Rio Grande River; and Beth Sartz, whose sound-and-vision work, Gablik says, had the effect of making many people "even lay down in front of the paintings to receive healing".

You are bound not to agree with all that Gablik says. Her bias against industrialisation can be seen as Luddite, even inhuman. Her language (cosmic energy flows, soul-consciousness) can seem a mystery. Her enthusiasm for conceptual art, like her criticism of modernism, is perhaps too obviously written from within the American art tradition. Surely representational art, a still-life by Chardin or a landscape by Cézanne, can seem as ecologically sound and as wedded to the values of trust and compassion, as her other examples?

Herein lies the crux, for Gablik is woefully thin on how a work of art communicates its meaning. A Henry Moore sculpture can move many people without their claiming to understand it; many of the works Gablik admires makes sense only when they are accompanied by a full-length manifesto. Is that art or agitprop? Gablik makes a good case for re-appreciating art as artisanship (Morris and Ruskin would approve), but where does "useful" art end, in redesigning New York City's dustcarts or performing a counselling service for the Sanitation Department's employees?

Though combining sense with nonsense, Gablik goes a long way to revitalising the voice of art within the conversation of mankind. This is more than can be said of high priests of modernism such as Andy Warhol, who preached only fashionable ennui, or indeed of John Passmore, Professor of the History of Ideas at Canberra University. Like an over-educated schoolboy, Passmore spends 292 pages poking fun at high-falutin' notions of serious art. Clive James, an equally sceptical but far funnier antipodean, would have kicked the subject into touch in five minutes. Passmore, though, is that other familiar phenomenon, a Great Australian Windbag and, to judge from this laboured piece of waggery, a pretty self-conceited one at that.

Mark Archer

A poet of contradictions

JAMES THOMSON 1700-1748: A LIFE
by James Sambrook
Clarendon Press, Oxford £40, 332 pages

JAMES THOMSON earned immense fame in the 18th century as a result of his poem *The Seasons*, a work full of landscape description and wide-ranging speculation about the natural sciences, topography, and human history; he is now relatively neglected. The success of *The Seasons* stemmed to a large degree from its role in contributing towards the fashion for sensibility – the cultivation of reflective, tranquil sentiment rather than unruly passion. This "sentimental" style has often provoked great irritation; Horace Walpole wittily explains his preference for more full-blooded poetry by the malicious analogy: "I had rather be put into the roundhouse for a wrong-headed quarrel, than sup quietly at eight o'clock with my grandmother."

In the light of Thomson's literary reputation, James Sambrook's account of his life and character makes amusing reading. Sambrook emphasises the contrast between the poet's literary idealisations of women and his ribaldry in conversations with men. When the poet apparently falls in love for the first time, in his forties, the biography neatly juxtaposes his letters and poems to the adored "Amanda", expressing "the utmost Ardor, the most perfect Esteem, and inexpressible Tenderness", with a contemporary description of a mild dispute between them: "she pulled off his wig and threw it on the ground, and he threw a glass of punch at her."

Sambrook also cites accounts of Thomson's excesses in food and drink, his "negligence over money", and above all his slothfulness; his poem *The Castle of Indolence* was written in a spirit of ironic self-reproach. Many anecdotes stress his languorous habits: he was once reportedly "seen lounging round Lord Burlington's garden, with his hands in his waistcoat pockets, biting off the sunny sides of the peaches". An acquaintance, finding him still in bed at two in the afternoon, asked the reason why: "Mon", replied he, "I had no motive to rise."

The side of Thomson which the biography portrays most fully is his role as a participant in London literary life: in 1725 the poet, in his mid-twenties, left his native Scotland for the opportunities and diversions of the capital. For a while, he took a job as a tutor: "a low task you know not so suitable to my temper". By cultivating rich and influential patrons, he managed to go on the Grand Tour as travelling companion to a young aristocrat, and later gained two useful sinecures.

In noting Thomson's alliances with various Whig patrons, Sambrook offers an account of the poet's role as a public man, actively involved in political machination. Oddly, however, the examination of political themes in Thomson's poetry is usually restricted either to the poet's allusions to the current situation, or to his patriotic vision of Britain as a land of liberty and industry. (Thomson's masque *Alfred*, written in collaboration with his fellow-Scotsman David Mallet, contains the song "Rule Britannia".) The biography offers none of the more ambitious analysis of Thomson's view of British society, and of the role of the wise and virtuous statesman, which is found in the writings of critics such as John Barrell.

Nonetheless, this study of Thomson is a work of distinguished scholarship, produced in the face of a lack of detailed information about the the poet's life. Its main drawback is a tendency towards understatement; a more ebullient biographer is needed in order to convince a wider readership of the interest of Thomson's poetry.

Chloe Chard

ARTS

'A Woman Sewing' by Van den Eeckhout (1621-1674) at the Pierpont Morgan Library

Too beautiful to be fashionable?

***William Packer** breathes a sigh of relief not to be confronted with conceptual art*

AFTER WHAT seems like weeks on end of turning a sceptical eye on what passes for the most significant of British art of our time in the opinion of our more *au courant* dealers, collectors and institutional curators, it comes as some considerable relief to turn again to some proper painting. No matter that none of it is self-consciously avant-garde, or that none of the artists concerned is likely to see the right side of 45 again: the young, like the poor, are always with us.

Jennifer Durrant is the one abstract painter among them, whose latest canvases now fill the Concourse Gallery at the Barbican (level 5: until March 25). She works habitually on the largest practical scale for a studio painter, 9 feet by 10 or so. The imagery in the work is unspecific but nevertheless richly associative. If anything, it proposes a cosmic space, her bright, ambiguous elements wheeling and turning like planets in their pictorial firmament. Yet it swings back from the most expansive space that the imagination can comprehend to the smallest, to those no less limitless inner and secret spaces of biology under the microscope.

The imagery, formal elements of active colour disposed in mutual relation across a colour field or ground, is rich in organic association, redolent of seeds and pods and urgent, microscopic, seminal activity. The canvases are beautifully sustained, the paint thin and translucent. The surface is constantly flickering and alive, often physically interrupted by the overlaying of canvas upon canvas, edges and interstices catching the light with the irregular run of pigment.

Miss Durrant in mid career is as distinguished a painter as any in her generation. Yet her work is too seldom seen, for it, like so much else, no longer fits the orthodoxies of curatorial interest. It is too instinctive, perhaps, too conspicuous in its lack of any conceptual programme or rationale, harder to talk or write about than simply to see. It has no politics, no fish in a tank to relieve imagination of particular responsibility. It is, perhaps, too beautiful.

Mutatis mutandis, as much may be said of Dick Lee, whose latest work is now on show at Cadogan Contemporary (108 Draycott Avenue SW3, until March 28). He is a painter of the landscape, the domestic agricultural landscape of Suffolk and Normandy, and also of the studio and domestic interior with its natural informal clutter of still life. Whatever: at nearly 70, he is as good a painter as any we now have.

His handling is deceptively casual, the paint indulged in the easy touch and sweep of the hand, loose and free. But the ease is deceptive, the rigour of the construction and the consistent articulation of the pictorial space ever apparent. All is looked at long and hard, the form described, the space understood and registered with an admirable simplicity. This is old-fashioned painting of the Modern British School, in the knowledge of Sickert and Camden Town seen through a filter of French experience and sensibility, and as thoroughly contemporary as could be.

The other exhibitions I can do little more than recommend. Susan Pye's first solo show, long overdue, is at the Pike Gallery, a new gallery in Wandsworth (145 St John's Hill SW11, until March 29). She is *something of an expressionist*, her table-top still-lifes, landscapes of a sort, teasing their way towards abstraction, but never quite. The smaller work tends towards the decorative and exuberant, the larger remaining the more austere in feeling, more thoroughly worked and impressive.

I have yet to see the shows of Maggi Hambling, at Bernard Jacobson (14a Clifford Street W1, until April 4), and Harry Holland, at Jill George (38 Lexington Street W1, until April 3), but I shall most certainly do so. Beyond curiosity as to detail, I have no fear in recommending them, for I know the work well in both cases. I have already seen in the studio much of the *Jemma* series of monotypes, of the female nude, that Maggi Hambling is showing; as with Zen calligraphy, with the monotype there is no going back, and these images are as remarkable for their commitment as for their spirited accomplishment. And by the form book, Harry Holland's odd and ambiguous metaphysical still-lifes should be as beautiful as anything currently on show in London.

Will the guardians of our national collections feel it worth their while to get along to see them, or the works of any other of today's artists?

'Early Summer, Ingleville' by Dick Lee, currently showing at the Cadogan Contemporary Gallery

The Golden Age of Dutch drawing

***Homan Potterton** admires the Abrams collection, currently in New York*

WHILE MOST people know Rembrandt's drawings – a huge number survive – similar works on paper by his fellow Dutch artists of the 17th century are altogether less familiar. This is in contrast to Italian and French painters – from Raphael, Michelangelo or Guercino to Claude, Poussin or Watteau – whose graphic work has always been prized and appreciated. But who can recall seeing studies in pen or chalks by Hals, Steen, Cuyp, Ruisdael, Vermeer or any of the other great names which constitute the pantheon of Dutch art of the Golden Age ?

Yet, as a beautiful exhibition – *Seventeenth-Century Dutch Drawings from the Abrams Collection* – now at the Pierpont Morgan Library, New York (and already seen at the Rijksmuseum and the Albertina in Vienna) makes clear, drawing was just as prevalent in Dutch art as it was French and Italian and the results were frequently as ravishing. From the end of the 16th century, Dutch artists adopted the Italian renaissance practice of making preliminary drawings from life – for both figures and landscapes – as a means of achieving more naturalistic effects in compositions that were in fact products of the imagination.

In the case of both portraiture and flower-painting, where reality was of the essence, it goes without saying that drawing also played a vital role. Contrary to one's initial impression, therefore, a substantial legacy of Dutch graphics from the 17th century exists and, generally speaking, the range of subject-matter is more varied than what one finds within the classical confines of French or Italian art of the same period.

For over 30 years a Boston lawyer and his wife, George and Maida Abrams, have been buying Dutch drawings of the 17th century and in doing so they have assembled a collection of the very highest quality and distinction. It is a very personal collection with a strong emphasis on landscape. An early influence on the couple was the great Harvard teacher and connoisseur of old master drawings, Paul Sachs, who told them, on seeing their early acquisitions, that they were "people" as opposed to "landscape" collectors. As a result, they consciously sought out landscapes to correct their natural inclination towards figure studies so that, for example, of the three sheets by Rembrandt in the exhibition two are of landscapes; both date from about 1652 and both were bought at the Chatsworth sale in 1967.

Sachs's admonition may be the *raison d'être* for several of the other interesting sheets in the collection. A wonderful wash sketch of a castle on a cliff with the blasted trunk of a tree in the foreground is surprisingly said to be by Rembrandt's pupil, Nicolaes Maes; alternatively, the catalogue suggests it could be by another pupil, Samuel van Hoogstraten. The problem is that neither artist is really known as a landscape painter so that the attribution of the work remains tentative. Another Rembrandt pupil who is more familiar as a figure painter is Jan Lievens; yet he is represented in the Abrams collection by two pen and ink studies of landscape. The artist Abraham Furnerius is not exactly a household name; but he was a pupil of the great master himself and was described by a contemporary as "very clever in his landscapes". Typically, the Abramses have sought out an example of his work.

Hendryik Avercamp, the deaf-mute painter of winter scenes, was a prolific draughtsman and notable among his oeuvre are a number of fully-finished watercolours which the artist, unusually for his time, produced (and sold) as autonomous works of art. Two of these – a view with a river and a more typical scene on the ice – are among the highlights of the Abrams collection. Not surprisingly, the pioneer masters of the naturalistic landscape – Claes Visscher, Cornelis Vroom, and Esaias and Jan van de Velde are also represented; and from later decades there are examples by well-known names – van Goyen, Jacob van Ruisdael and Nicolaes Berchem.

Among the figure studies are a number of very beautiful drawings ranging from quite Mannerist (and Italianate) studies by such artists as Bloemaert, Wttewael and Goltzius to raucous low-life scenes by Adriaen and Isack van Ostade, Cornelis Bega and Dusart. The most surprising of the figure drawings are, however, a group of large black and white chalk drawings on blue paper. Two of these are by Jacob Backer, two by Govaert Flinck, and another by Lambert Doomer – all artists who worked in the immediate circle of Rembrandt. Academic in style, the drawings represent a particular tradition that seems alien to Dutch art and indeed, as the catalogue points out, they owe their inspiration to the great Flemish artists, Rubens and Van Dyck. Other large-scale figure drawings – by, for example, Berchem and Adriaen van de Velde – also display a use of chalk that is more Italianate than Dutch.

The fact that there are gaps in the Abrams collection is witness more to the very personal nature of the selection than to any oversight. There is for example no drawing by Cuyp, none by Jan Both, hardly any Italianate landscape drawings (a major genre), and not a single study of shipping by Willem van de Velde or indeed any other master of seascape. Nor are there any drawings by the Dutch Caravaggisti such as Honthorst or Stomer. Lacking too are any drawings of architecture by a master such as Saenredam, who was a prolific draughtsman, while Emanuel de Witte, who is known for his paintings of church interiors, is represented by a very curious chalk drawing of a nude Medusa. This is part of a very rare album of drawings by a number of different artists that was bought from an English private collection as recently as 1967.

No exhibition of Dutch art would be complete without some representation of flower painting and in this respect the Abrams collection is no exception: the watercolours on vellum of tulips by Jacob Marrel are simply sumptuous.

Convulsions in the countryside

***Patricia Morison** visits the Museum of Rural Life*

ONE consolation for being a reluctant urban-dweller is the BBC's superb early morning farming programmes. Nothing brings home more sharply the convulsions now taking place in the British countryside – or the reasons why, apart from doctors, farmers have the highest rate of suicide. And yet, it seems there is extraordinarily little awareness among the folk who this Easter will be unloading the organic Brie and Frascati outside a thousand rented cottages, that what happens to British farming will vitally affect the countryside we urbanites currently enjoy.

Anyone seriously interested in the countryside will doubtless know, if only by reputation, the Museum of English Rural Life at Reading, on the edge of the University campus in a dreadful 1960s prefab. Started in 1951, the museum houses a large collection (only a small part is on show) illustrating the changing face of farming and rural industries between, roughly, 1850 and 1950. However, this permanent exhibition of "rescue objects" is only the tip of the haystack: it is but one part of the unique resources offered by Reading University's Institute of Agricultural History.

First, however, the museum (0734-318660). These days, the countryside is well stocked with rural museums dedicated to the bygone skills and folk-customs of Thomas Hardy's England, etc. etc. aThe Reading Museum is fairly old-fashioned and strictly educational, not Bank Holiday fare for children. In the words of its Director, Dr Ted Collins, "There are no chaps leaping about in smocks here" – and besides, it is shut on public holidays.

This is a museum chronicling *change* in the countryside, not nostalgia, and above all, the interface between industry and farming. In that respect, it forms a remarkably good counterpart to Hardy's novels. In *Tess of the Durbervilles*, written in the great agricultural depression of the 1880s, Hardy's observes the reaper-and-binder, harvesting "with the gentle ticking of grasshoppers making love"; this refers to a revolutionary innovation which, as I now know, was the invention of Cyrus H. McCormick of Virginia in 1831, and popularised here by the Great Exhibition 20 years later.

School history books tend to overlook one salient fact: the "dark satanic Mills" had as much impact on rural life in the 19th century as they did on urban society. Men like Robert Ransome of Ipswich, whose business developed out of patenting cold cast iron ploughshares, or Robert Boby of Bury St Edmunds who invented the Boby corn screen, were as significant in their impact, not just here but overseas, as ever Robert Arkwright with his spinning jenny.

Of course, in these days of the computerised milking parlour, photographs of any pre-war farming activity are bound to strike a nostalgic chord. I was fascinated to find that benighted farmers in Kent still used ox-teams in 1910, much like their ancestors in the Domesday Book. The Ransome's Hall part of the museum houses a selection of fine wagons including the quaintly-named Hermaphrodite of "Maphrodite", a cross between a wagon and a cart. There is also a collection of beautifully crafted model ploughs and a mass of curious objects for making besoms, chair-bodging, dairying, and such beastly operations as bloodletting horses (a fleam-stick) and cutting off lambs' tails.

A small section portrays the changing image of the farmer in society. It does not, alas, take the story as far as today's barley barons in their Range Rovers, doomed as they may be to become the museum exhibits of tomorrow. But it is piquant to read the laments of observers like Richard Jeffries in the 1880s on the gentrification of Farmer Giles and, especially, of his womenfolk. "The daughter is pale and interesting and interprets Beethoven, and paints the old mill, while a skilled person hired at a high price rules in the dairy." Newly pallid misses of that type were what Angel Clare rejected in favour of poor, rosy-cheeked Tess.

So much for the museum, then, a good morning's outing. The Institute of Agricultural History is a far more notable beast. Essentially, it is an extraordinarily rich archive - over 30,000 books and periodicals, company records, government bumph on farming, old films, union archives, and over one million photographs – charting every aspect of the history and development of the countryside from the late 19th century to the present day. Most of the material is British, but not all, and many of the company archives chart the rise and fall of British agricultural engineering exports overseas.

The photographic archive is wonderful. Carefully indexed, it allows you to check what steam lawnmowers looked like, and inspect the designs for electricity pylons and village streetlighting considered in the 1930s (the Council for the Preservation of Rural England has deposited its archives here). Collectors of vintage farm machinery often consult the the Institute because crammed onto its shelves are longhand ledgers of engineering firms dating back to early last century.

People looking to set up "traditional" rural industries, researchers working on historical ecology, landscapists, historians of food, hunting, costume, and agrarian political discontent, have access to invaluable material through the Institute's computerised data base. In theory, you could use deposits of old MAFF farm management surveys to check the profit sheet of any farm in the land: unfortunately, these records are classified secret.

Dr Collins also points to the hitherto unexploited potential of the Institute as a source of information for the development of alternative technology. He would like to see more Third World governments funding research into pre-tractorisation techniques. However, the premises of the Institute are absurdly small for its collection and the archives, let alone the activities of its staff and the public. An appeal has now been launched by the University of Reading to make of the Museum and the Institute a new entity, the Rural History Centre and is looking to raise £3.5m for a new building. The Centre will link up with Reading University's strength in in all aspects of agriculture, food production, and the environment at large and could play a really significant part in helping the general public reach a more informed, less sentimental understanding of the countryside and its inhabitants.

Synchronised sin

KEN CAMPBELL'S directorial debut was organising the shallow end for the Summer Water Show at Bournemouth. Campbell has swum a long way since then, and with *Pigspurt* at the Riverside Studios presents not so much synchronised swimming as synchronised sinning. For those prepared to take the plunge, this is vastly enjoyable.

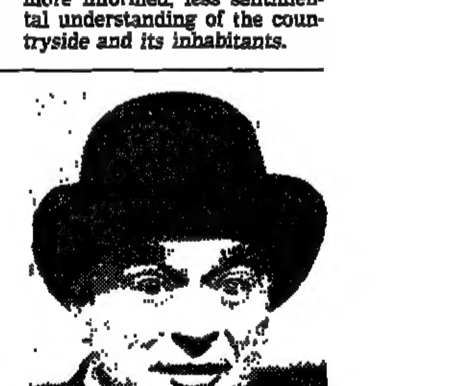
Campbell's tense anarchy has enlivened *The Hitchhiker's Guide to the Galaxy*, the 22 hour *Warp* at the ICA, and created a lugubrious Gonzalo in Derek Jarman's *Tempest*. If *Pigspurt* is not the most accessible Campbell, at least his crazed invention, disregard of convention, and superb control are fully available in this chaotic one man show.

Campbell spurns plot, opts for coincidences which take one from an archeological dig in Oman via Hebrew football commentary in Munich to Pidgin translations of Ken Dodd in the Solomon Islands. He has the extraordinary gift of insinuating insanity everywhere. What starts as a paean to the stock "Third Act Inspector" in detective dramas broadens into a portrait of the Bishop of Colchester overcome by guffaws of laughter in the stalls, squeezing Cub Scouts like bellows in his merriment.

After the break, Campbell finds that his nose resembles a woman in Man Ray position (without the cello holes); the show's second half is a quest for the perfect match, turning a bare possibility into a naked fact by photographing nude women. Meanwhile – incomprehensibly – the right half of Campbell's face becomes Elsie the housewife, the left half a randy squire straight from Smollett; this turn of events ushers in transvestism and a strange party at La Maitresse.

Further explanation beggars belief. Campbell is perplexing, infuriating and refreshing; sometimes hilarious, often scatological, and always mad. Perhaps it is no accident that he went to school in Barking.

Andrew St George



Alastair Muir

Ken Campbell in 'Pigspurt'

Radio

Evolutionary monkey business

THE BUDGET and the rest were all on Radio 4, but this is not the place to discuss these things – especially after some parliamentary wit observed that this was not a Budget for Britain but for Sam Brittan.

After its four debates, Radio 4 adorned Sunday evening this week with *The Great Monkey Trial*, almost as much a debate as a play. It is an expert adaptation by Peter Goodchild of the transcripts of the trial of schoolmaster John Scopes in Tennessee in 1925. The charge was that, contrary to Tennessee law, he taught that man was not created as described in Genesis, but descended from creatures of a lower order. The prosecution was led by the biblical orator, Williams Jennings Bryan; the defence, by the eminent lawyer Clarence Darrow, an agnostic, who appeared on principle, without payment.

At the climax of the trial, Darrow had Bryan in the box as a witness. Did he believe the story of Jonah and the whale? that Joshua stopped the sun for three days? that all living things were destroyed in the flood? that there were morning and evening in the first three days of the creation, when the sun was not made until the fourth day? "God could have taken care of it," was a typical Bryan reply. So could the State of Tennessee; such matters were ruled irrelevant, and after a nine-minute deliberation the jury found Scopes guilty. He was fined $100 – and Bryan died a few days later.

The production was recorded in the Warner Brothers studios in Hollywood, under Susan Loewenberg and the BBC's Martin Jenkins. The playing was first-rate, with Edward Asner as the assured Bryan, Charles Dorning the attacking Darrow, the lively presentation by Tyne Daly, whom we know from *Cagney and Lacey*. There wasn't a dull moment in the whole two hours.

The Food Programme last week, fronted by the imperishable Derek Cooper (Radio 4, Friday), was disguised as a sports feature. First, the competition for the 1992 *Croque d'or*, reported as if a Rugby match (Thanet the winner). Next, sports medicine, starting with, of all things, racing drivers, for whom an extra pound may cost a second, and then Olympic archers, who care less. Other sports, other diets: a girl cox needing hurriedly to reduce from 51 kilogrammes to 45 was on 1800 calories a day, whereas a cyclist in the Tour de France might need 10,000. Frank Dick, of the British Athletic Team, spoke dubiously of infusions of items like vitamin B12, "prescribed" by locker-room chat. The ethos of sport, he thought, was being damaged by such matters as retarded growth, and the rules might well be rewritten.

All Radio 4 this week, for I couldn't find what I was after, *FEM FM*, the first all-girl station, when I looked for it. Thursday's *The New Recruit* is a series dealing with newcomers to various professions. Last week, air hostesses; this week, in a similar style, prostitutes. Mostly we heard talk between a 60-year-old veteran and a newcomer, Vanessa. Vanessa needed advice about condoms from her older colleague; after all, as she said, "I've got to be clean for my baby." They thought little of the punters, and Vanessa had to laugh at bondage (they said "bandage"). It was "like a hobby", only done when broke. I heard no judgment, one way or the other.

Also on Thursday, *Butterflies Don't Count*, a play by Wally K.Daly about a priest who hears a confession of murder, which of course he may not tell anyone else. The murder is contrasted with a child's killing a butterfly, which he is told need not be confessed as a sin. There is much talk between priests; there is some over-writing that Daly must have retained from his science-fiction days; and I found it hard to keep up with events. Perhaps it will all be made clear in the sequel next Thursday, *Broken Butterfly*.

B.A. Young

Krista Stadler and Josef Bilous in 'A Streetcar Named Desire'

'Death' and 'Desire'

East Berlin is gripped by US drama, says ***Jackie Wullschlager***

IN BERLIN last week, the lyrics "I want to live in America" surged out on to the dimly lit Friedrichstrasse in the east as the Metropol, a 1960s-style music hall, celebrated the hundredth performance of a *West Side Story* which opened within weeks of the Berlin Wall's collapse. Up the road, the sold-out premiere of Arthur Miller's *Death of a Salesman* at another former eastern playhouse, the Maxim Gorki Theater, demonstrated the serious side of a passion that is now gripping German-speaking theatres: a love-affair with modern American drama, and especially with the kind of mid-century American play in whose post-war concerns so many contemporary German dilemmas are finding a voice and a symbol.

Salesman, cannonaded as communist propaganda when it appeared on Broadway in 1949, is of course the perfect play for the old east Germany. The sense of a threatening new order; the salesman left behind, forced to admit that his life has been run by dreams and lies; his awakening sense that the capitalist spirit he had so fervently embraced is now pinching him where it hurts; the fear that failure means no longer belonging to society: Willy Loman's crisis rings true not for Honecker's Germany but for the former eastern states today.

The Maxim Gorki production has almost the vigour of a new play, the sense of rediscovery enhanced by a fresh and sensitive translation from Volker Schlorndorff, who filmed the play in 1985, and by one of the most intently involved audiences I have seen. The piece comes with programme notes from ex-DDR dramatist Heiner Muller – that capitalism's only enemy is now itself, that Germans cannot distinguish between advertisement and reality, and this is the core of Klaus Manchen's interpretation of Willy. From his first moment on stage, back to the audience, large suitcase drooping from each hand, Manchen expresses the world-weariness not just of 30 years on the road, but of a man caught in a lifelong web of deceit and self-justification.

Manchen is big, fat and impeccably dressed: the desperation for approval, the clinging to his pinstripes and hat as talismans of the right way to be, is the more poignant and vulnerable in so imposing a man. We never learn the contents of his suitcase, but Manchen begins at once selling himself – to his wife, his children. He can neither give up nor live up to his image of successful salesman, and the conflict isolates him. He looks wildly round the stage, the audience, to be met by blank incomprehension at the intensity of his fantasy. His voice, veering from soft fatigue to raw shriek, suggests a potential heart attack victim; the face gets greyer and wan, he visibly ages during the performance.

Director Siegfried Buhr packs in psychologically acute support – Gotz Schubert as Biff and Thomas Ruhmann as Happy fight convincingly in their thirties the battles that should have happened in adolescence, as Biff finally grasps – but never lets the father-son relationship deflect the tragic impulse that propels the piece. Other roles are played with Brechtian dramatic economy – explorer-brother Ben (Gottfried Richter), for instance, is crystal clear as a glamorous symbol to Willy but shows no emotions himself.

Staging echoes the theme of masks and dreams. Huge cubes and rectangles form the tower blocks hemming in the Loman apartment; slits between the granite let in views of an infinite cityscape. Contemporary action takes place mostly in shadowy corners or doorways; scenes reenacting Willy's memories are by contrast bathed in spotlight, his boasting playfulness with his boys a theatrical performance, the glow fading as he crumbles back to his true insecurity. Stars pop up like jewels on the big black shapes, hinting at romance, at the grandiose idea of commercial heroism – suicide for the insurance premium, the ultimate self-sell – which we know will kill Willy.

Following the Berlin version, another *Salesman* opens in Hamburg's main theatre this week, Miller's *View from the Bridge* opens in Dusseldorf, Edward Albee has just premiered in Cologne, while in Vienna I caught *A Streetcar Named Desire*, the new production in one of the most ambitious American ventures, the Volkstheater's Tennessee Williams cycle. The play, written two years before Miller's, works through sentimental romance the same theme of social alienation.

Viennese theatre has a special quality of encapsulating the mood and setting of a piece at a mesmeric, almost suffocating pitch; this marks both classic and modern works at the Burgtheater as well as the lighter Volkstheater, and is perhaps a reflection of the museum-like claustrophobia of the city itself. With Williams such an approach cannot be bettered; few dramatists delineate their own world more precisely, and the Volkstheater's evocation of his vulgar-lush southern town is worth seeing for the set alone.

The "raffish charm" Williams demanded is all here. The New Orleans corner house, weathered grey, with white frame, rickety stairs, ornamented gable; the palm tree leaning against a telegraph pole; trains shuttling through; Jim Beam and Shell in neon, spin on a revolving platform. Inside is the shabby Kowalski house; outside a half-moon dance floor with a blues pianist. Beyond, the sky turns turquoise, pink, bloodshot; jazz rhythms come and go; sirens wail; a rainbow arches overhead: director Horst Ruprecht's backcloth of beauty, cruelty, ugliness is never still.

Ruprecht extends raffish charm to character too. Everyone is a shade too nice: we need more meance from Josef Bilous as the brutish Pole Kowalski, and a more hardened neurosis from Kirsta Stadler as his genteel sister-in-law Blanche. This checks Williams' highly strung extremes – in the key fight between the sensitive (Blanche) and the materialist (Stanley), there is some sympathy for the latter, though there is no risk of running out of it for the former, who can be a tiresomely self-indulgent prima donna.

Ms Stadler instead gives Blanche initial control and some humour, and excellently conveys the desperation of the fallen woman straining after innocence which later turns to insanity. A refrain, introduced by a tinkling glockenspiel and ending with a gunshot, recurs each time her memories are danced out on the crescent platform, and enhances the sense of obsession. The tenderness of the portrayal suffuses the theatre – just too sweetly. It is hard not to compare the smouldering beast Marlon Brando in deadly conflict with wistful fluttering Vivien Leigh, in the film version; here the tension is many volts lower.

Recruitment without the cutting edge

Malcolm Rutherford reviews Farquhar's play at the National

Alastair Muir

Alex Jennings in as Captain Plume in 'The Recruiting Officer' at the Olivier Theatre

WITH THIS production of *The Recruiting Officer*, the National theatre has completed a 180 degrees turn. George Farquhar's play was the first restoration comedy to be staged by the National Theatre Company when it was in its infancy at the Old Vic in 1963. The production then was directed by William Gaskill and had more than a handful of stars in the cast: Laurence Olivier, Robert Stephens, Colin Blakely, Max Adrian and Maggie Smith among them.

The Gaskill approach drew heavily on an adaptation of the play by Bertholt Brecht, *Pauken und Trompeten*, which emphasised the horrors of war, imperialism, the exploitation of the working class and everything else that you might expect to go with a title like *The Recruiting Officer*.

The new production, directed by Nicholas Hytner, puts Brecht firmly behind it. The setting, the style, the tone are all positively bucolic. There is hardly a hint of war in the background, any class exploitation is most gently done and scarcely a blow is struck in anger. Almost the only moment of shock comes when an officer reaches for his sword on being alarmed by the mooing of a cow.

I suppose that I am too much of an innate Brechtian wholly to welcome such a total reversal and admit to some surprise that it should come from the National Theatre. Nevertheless, there is some justification for this kinder, gentler approach in the original text.

Writing at the beginning of the 18th century, Farquhar was plainly influenced up to the hilt by Shakespeare and Ben Jonson. *The Recruiting Officer* has parts of *Henry IV* and *Much Ado About Nothing* written all over it. Jonson's influence is most apparent in the fortune-telling scene, which could have come from *The Alchemist*.

The striking fact, however, is that Farquhar drew only on the romantic side of his forebears. There is a lot about recruitment and war in *Henry IV* and, a military man himself, Farquhar clearly borrowed from it. For the Gloucestershire of *Henry IV, Part 2*, he substitutes Shropshire, which is not so very different. But the characters that he picks up are the Shallows and the Silences, not the Pistols. There is more than a touch of Falstaff in his Captain Brazen, but it is Falstaff the lovable, not Falstaff the coward and cynic.

As for Ben Jonson, Farquhar has embroidered on his theme of the gullibility of human nature, yet none of his dupes are villains. In the world of this *Recruiting Officer*, everyone is ultimately well-intentioned at heart. It is a pastoral society where sheep may safely graze, as indeed in Ashley Martin-Davis's setting they do, alternating with the cows and the pigs.

Such an interpretation, which may be literally correct, has its limitations as drama. The first half of the production seems at times painfully slow and even after the interval, when the threads are put together, you sense a contradiction between recruiting for war and the idyllic setting in which it takes place.

Still, the play has some individual virtues. There is a wonderful twist at the end when Captain Brazen, who has seemed a bit of a name-dropper, turns out genuinely to know some of the people being mentioned. Unlike Falstaff, he ends on a note of triumph. Farquhar's writing, almost entirely in prose, is consistently direct and witty: he was Irish by birth. And this being the National Theatre, the acting is uniformly excellent.

Desmond Barrit plays Brazen as a huge, cumbersome, yet endearing figure. Alex Jennings is an aesthetic as well as athletic Captain Plume, and Sally Dexter's Syliva is even better when she is dressed as a man.

For the record, the piece has a number of firsts behind it. It may have been the first play staged in North America – in New York in 1732. It was certainly the first in Australia where it was performed by a group of convicts in 1789. One suspects that they gave it slightly more edge than Hytner. This production is sponsored by the private contributors to the Royal National Theatre.

Horne displays her vocal skill

MARILYN HORNE, in the sunset years of her career, maintains a formidable armoury of vocal skills. Just how formidable was underlined after the final item of Wednesday's Covent Garden song recital, an admirably full (and now even rather unfashionable) two-hours' worth which had been sung, the singer revealed, with a chest-cold so bad she had been on the point of cancelling her London visit.

Up to that moment one's evaluation was that Miss Horne had spent two hours giving a perfectly astonishing demonstration of how to make the most of little. The formerly extensive and voluptuously ample instrument seemed itself only in the lowest ranges, and ventures above had been carefully restricted (a single top G being the climax of the first half), yet by means of technical skill and communicative address in exactly judged combination she drew an exhilarating effect from every song she sang.

Even before the start Miss Horne and her excellent pianist Martin Katz had earned one's approval by choosing a genuinely interesting and varied programme: Rossini, Vivaldi, Pauline Viardot and William Bolcom were its composers. Rossini opened and closed the proceedings; this is his anniversary year, and Miss Horne is of course one of the most celebrated of living Rossinians, but in both groups it was the quietly reflective songs that best showed her considerable powers of characterisation, colour and shading: a short setting from Dante of the Francesca da Rimini tale, an extraordinary elegy on one note entitled "Adieux à la vie".

This singer has often seemed to me, indeed, a performer with two distinct and sometimes unreconciled personalities. The first is that of a serious and even rather restrained artist, skilful in the many languages she sings (in the fascinating group of Schumann-like Lieder by Pauline Viardot, her utterance of German was beautifully weighted); the second, thrower-out of florid fast scales, turns and shakes in abundance and thunderer of trombone chest notes, is a sock-it-to-'em vulgarian.

On this occasion, health constraints were posing constant obstacles in the way of the latter Marilyn Horne – the single exercise in vocal bravura, "Sorge l'irato nembo" from Vivaldi's *Orlando furioso*, proved impressive but by no means the tour de force of former years. And perhaps for this reason there seemed a far less stark dichotomy in the singer's artistic styles and ambitions. She remains a wonderfully frank, forceful humorist: in a selection from Bolcom's easily lyrical and well-turned *I Will Breathe a Mountain* cycle (1990), her varieties of native-American inflection, from the openly raucous to the quietly rueful with a hundred stages in between, were a joy to hear.

Max Loppert

Chess No 914: 1 N5g3 (threat 2 Qd7) Bc6 2 Qe5, or c4 2 bxc4, or Rxf6 2 Rd2. Traps are 1 Nd4? Rxf6 or 1 Ng7? Bb7 or 1 Nxg5? c4 or 1 Rc4? axb3.

TELEVISION

SATURDAY

BBC1

6.35 Open University. 7.25 News. 7.30 Crystal Tipps and Alistair. 7.35 Wiz Bang. 7.45 The Jetsons. 8.05 Eggs 'n' Baker. 8.35 Thundercats. 9.00 Going Live!

12.10 Weather.
12.15 Grandstand. Introduced by Bob Wilson. 12.20 Football Review: Action from the FA and Scottish Cup quarter-finals. 12.30 Ice Hockey from Durham: Durham Wasps v Humberside Seahawks. 1.00 News. 1.05 Boxing from Italy: Herol Graham v Sumbu Kalambay in the European Middleweight title fight. Commentary by Harry Carpenter. 1.50 Racing: *Review of the Cheltenham Festival.* 2.05 Badminton: Finals of the All England Championship from Wembley Arena. 2.55 Rugby League: Live coverage of the Challenge Cup semi-final between Castleford and Hull from Headingley. 3.45 Football Half Times. 3.55 Rugby League: Continued. 4.35 Final Score. Times may vary.
5.05 News.
5.15 Regional News and Sport.
5.25 Stay Tooned!
5.50 Big Break. Snooker stars Tony Knowles, Neal Foulds and David Taylor play against the clock.
6.20 Noel's House Party.
7.10 Film: Innerspace. Dennis Quaid stars as a miniaturised test pilot injected into a timid supermarket assistant. With Martin Short, Meg Ryan and Kevin McCarthy (1987).
9.05 Moon and Son. When a popular doctor is suspected of theft and murder, Trevor tries a little Oriental sorcery. Starring Millicent Martin with John Michie and Ian Redford.
10.00 News and Sport; Weather.
10.20 That's Life! Discovers a housing estate which is as confusing as the Hampton Court Maze and looks at the Jet Set and asks "Have people abandoned their underwear?".
11.00 Midnight Caller. Killian tries to help former anti-Vietnam war disc jockey Greg Ryder regain his confidence.
11.50 Film: Moving. A family man is forced to uproot from peaceful suburbia and move to a new town with a crazy population. Wild comedy, starring Richard Pryor and Beverly Todd with Dave Thomas (1988).
1.15 Weather.
1.20 Close.

BBC2

8.45 Open University.

3.00 Mahabharat. (English subtitles).
3.40 Look, Stranger. Desmond Hawkins looks at Dorset and the life of Tess of the D'Urbervilles.
4.00 Film: Away All Boats. Jeff Chandler stars in this drama about the adventures of a small transport boat crew during the Pacific war. Also featuring George Nader, Julie Adams and Lex Barker (1956).
5.50 Late Again. Selection of highlights from last week's editions of The Late Show.
6.40 News and Sport; Weather.
6.55 The Magic Art of Jan Svankmajer. *Second programme celebrating the work of the controversial* Czech animator considers his darkly humorous approach to life and politics, an approach which led to his being banned from film-making for eight years by the Czech authorities.
7.25 Fine Cut: In Black and White. Documentary by Russ Karel — exploring racial segregation in pre-War American cinemas.
9.05 Film: The Sicilian. Premiere. Christopher Lambert stars in this epic adventure based on the life of a notorious folk hero who took on the Church and the Mafia in an attempt to promote Sicily's withdrawal from Italy. Also appearing are Terence Stamp, Joss Ackland and John Turturro. Directed by Michael Cimino (1987).
11.00 Guitar Legends: Rock 'n' Roll Night. Third concert from the Seville Expo brings together some of the survivors of the rock 'n' roll circus who perform classic songs and also a few surprises including Joe Cocker with 'Unchain my Heart', Jack Bruce with 'White Room' and Bob Dylan and Keith Richard's version of 'Skaa, Rattle and Roll'.
12.30 Close.

LWT

6.00 TV-am. 9.25 Motormouth. 11.30 Zorro. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.
1.05 LWT News; Weather.
1.10 Saint and Greavsie. Ian and Jimmy preview tomorrow's live TV clash between Manchester City and Southampton.
1.55 The Day.
2.00 Escape from Alcatraz II. The world's premier triathletes assemble to test their skills, stamina and courage and attempt to escape from Alcatraz.
2.25 International Athletics '92. Great Britain v USA, from the International Conference Centre in Birmingham.
4.45 Results Service.
5.00 ITN News; Weather.
5.05 LWT News; Weather.
5.15 10 Sharp! With Pat Sharp, who is joined by Airhead with their new single and Michelle Gayle, who plays Hattie in EastEnders.
5.25 Baywatch.
6.20 Family Fortunes.
6.50 Murder, She Wrote.
7.45 Stars in Their Eyes. With Leslie Crowther.
8.15 The Brian Conley Show. Brian becomes a backing singer for Three Degrees star guest Sheila Ferguson.
8.45 ITN News; Weather.
9.00 Weather.
9.05 The Other Side of Paradise. Believing Mana is dead, Chris asks Aleena to return to London with him. But Mana kidnaps Aleena and takes her to the Japanese. Concluding episode, starring Jason Connery.
10.05 Aspel and Company. Singer Annie Lennox is among Michael's guests. She talks of the launch of her solo career, and sings her latest single. Also appearing, Will Carling and Ruby Wax.
10.50 Metro. Peter Casson, the man who put hypnotism on the map, is back in a London theatre to perform a show where the audience becomes the stars.
11.25 Tour of Duty. Taylor is angry when he is not promoted and a less qualified white soldier is.
12.25 Get Stuffed.
12.25 WCW Pro Wrestling.
1.20 New Music; ITN News Headlines.
2.25 Bhangra Beat.
2.50 American College Football. Hall of Fame Bowl.
3.50 Coach.
4.15 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 9.30 Listening Eye. 10.00 Our Olympics. 10.30 Film: Music Hath Charms. 11.45 Every Dog's Guide to Complete Home Safety. 12.00 Get Smart. 12.30 pm The Beverly Hillbillies.

1.00 Film: Out of the Clouds. Starring Anthony Steel and Robert Beatty (1955).
2.25 Racing from Uttoxeter. *Introduced* by Brough Scott. Including the 2.30 Tattersalls Mares Only Novices Chase Final (Ltd H'cap), 3.00 The Tote Novices Chase Final (H'cap), 3.35 Ansells National (H'cap Chase), 4.10 Smurfit Paperboard Hurdle and the 4.40 *MEB Handicap Hurdle.*
5.05 Brookside.
6.30 Right to Reply. Why was BBC's Panorama programme about the recession pulled only three days before transmission was due? Plus, a discussion on the fairness of 0891 information lines.
7.00 A Week in Politics. *Fifty voters* from two marginal constituencies take part in a live studio debate with leading politicians from the three main parties: David Mellor (Conservative), Bryan Gould (Labour) and Simon Hughes (Liberal Democrat). Each member of the studio audience will be a potential "don't know". Each politician will answer voters' questions and try to persuade them why he should have their vote.
8.00 TV Heaven: Introduction. Frank Muir presents memorable shows from 1978.
8.05 Edward and Mrs Simpson. Dramatisation of the events leading to King Edward VIII's abdication. Edward Fox, Cynthia Harris and Peggy Ashcroft star.
9.30 The South Bank Show. Ken Dodd talks to Melvyn Bragg in the manager's office of the Palace Theatre, Manchester, where he financed and produced his own variety show.
10.10 Rumpole of the Bailey.
11.20 Catch Five — Joseph Heller and Rembrandt. Joseph Heller examines Rembrandt's Self Portrait with a Stick.
11.25 Court TV: America on Trial. A mother and father argue before a Florida judge over custody of their son.
12.25 Film: Bullets or Ballots. Starring Edward G Robinson and Joan Blondell. Part of the Public Enemies season (1936).
1.55 The Word.
2.55 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-
ANGLIA:
11.30 The Munsters Today. 1.05 Anglia News. 1.55 Heavens Above. 5.05 Anglia News and Sport 5.15 Cartoon Time. 10.50 Up the Junction. 11.45 One to One.
BORDER:
1.05 Border News. 1.55 My Secret Identity. 5.05 Border News. 5.15 Cartoon Time. 10.50 The *Granada Match.* 11.45 Men.
CENTRAL:
11.30 The Munsters Today. 1.05 Central News 1.55 The Spectacular World of Guinness Records. 5.05 Central News 5.15 Central Sports Special – Goals Extra. 5.25 Family Fortunes. 5.55 Baywatch. 10.50 Bramnigan.
CHANNEL:
11.30 Superman. 1.05 Diary Dates. 1.55 The *Ultra Sail Grand Prix. 5.05 Channel News.* 5.10 Puffin's Pla(i)ce. 5.15 Cartoon. 10.50 Tonight in Comedy.
GRAMPIAN:
11.30 Dinosaurs. 1.05 Grampian Headlines 1.55 Abairt 5.05 Grampian Headlines 5.10 Criomagan. 5.15 Cuirm Cloinne. 10.50 Matlock. 11.50 America's Fantastic Architecture.
GRANADA:
11.30 Children's Island. 1.05 Granada News 1.55 Cartoon Time. 2.05 Rock Sport. 5.05 Granada News 5.10 Granada Goals Extra. 10.50 The Granada Match. 11.45 Men.
HTV:
11.30 Superman. 1.05 HTV News. 1.55 Soccer in the Seventies. 5.05 HTV West News and Sport 10.50 The Gadd Gang Live.
HTV Wales as HTV except:
1.05 HTV News. 5.05 HTV Wales News and Sport 5.20 Pepe Le Pew.
SCOTTISH:
11.30 NB. 1.05 Scotland Today. 1.55 The Spectacular World of Guinness Records. 4.45 Scotsport Results. 5.05 Scotland Today 5.15 Cartoon Time. 10.50 The Young Riders. 11.45 In the Heat of the Night.
TSW:
11.30 The South West Week. 1.05 TSW News. 1.55 Peppino. 5.05 TSW News. 5.15 Gus Honey*bun's Cartoon Time. 10.50 Highway to Heaven.* 11.45 Men.
TVS:
11.30 Superman. 1.05 TVS News. 1.55 The Ultra Sail Grand Prix. 5.05 TVS News. 5.15 Cartoon. 10.50 Tonight in Comedy.
TYNE TEES:
11.30 My Secret Identity. 11.55 Mr Magoo. 1.05 Regional News. 1.55 The Spectacular World of Guinness Records. 4.45 Results Service. 5.05 Northern Life Sport Special. 5.15 Cartoon Time. 10.50 League Football. 11.45 Men.
ULSTER:
11.30 Dinosaurs. 1.05 Ulster Newstime 1.55 Saturday Sport. 2.00 The Spectacular World of Guinness Records. 5.05 Ulster Newstime. 5.10 Saturday Sports Results 5.20 Cartoon. 9.00 Ulster Newstime 11.45 Men.
YORKSHIRE:
11.30 My Secret Identity. 1.55 Soccer in the Seventies. 5.05 Calendar News. 10.50 Your Match. 11.50 Fear in the Night. (1972)
S4C Wales as Channel 4 except:-
9.30 Jeifin. 10.00 Pro-Celebrity Golf. 11.00 D'Art. 11.30 Flipper. 12.00 Get Smart. 7.00 Newyddion Nos Sadwrn. 7.15 Nos Sadwrn. 8.05 Y Filltir Sgwar. 9.05 Tocyn Tymor. 9.50 Evening Shade. 10.20 Ride the High Country. (1962)

SUNDAY

BBC1

8.45 Open University. 8.50 Playdays. 9.10 News. 9.15 Looking for God - Through Prayer. 10.00 *See Hear! 10.30 Deutsch Direkt.* 10.55 Advice Shop Extra! 11.00 Business Matters. 11.30 Work is a Four-Letter Word.

12.00 Bazaar.
12.30 CountryFile.
12.55 Weather.
1.00 News; On the Record. Jonathan Dimbleby interviews the Conservative, Labour and Liberal Democrat campaign managers — Chris Patten, John Cunningham and Des Wilson.
2.00 EastEnders.
3.00 Film: Kung Fu. Adventure, starring David Carradine (TVM 1972).
4.10 Goldilocks and the Three Bears.
4.25 Bitsback. Julian Pettifer presents the monthly right to reply programme, looking at Play It Safe.
5.05 The Clothes Show. Jeff Banks visits Milan.
5.30 Antiques Roadshow. In the last of the series, Hugh Scully and the experts visit Rochdale.
6.15 Play It Safe.
6.25 News.
6.40 Village Praise.
7.15 May to December.
7.45 Lovejoy.
8.35 So Haunt Me. The strain of having a resident Jewish ghost in the home is proving too much for Pete.
9.05 Screaming. The story of the devastating effect one man has upon three women. New Carla Lane comedy, starring Penelope Wilton and Gwen Taylor.
9.40 News and Weather.
10.05 Mastermind.
10.35 Heart of the Matter. Now Germany is united, the investigations into its Communist past are opening old wounds. The search for collaborators has begun. Is this a thirst for justice or revenge?
11.10 The Vote Race. John Rentoul reports on how the parties will sell themselves for the forthcoming campaign and investigates the hidden strategies of the campaign managers.
11.50 The Shadow. Industrial designer Sean Blair visits Munich where he attempts to discover the secrets of German industrial design.
12.20 The Sky at Night. Patrick Moore talks to Professor Iwan Williams about the world of asteroids.
12.40 Mahabharat. (English subtitles).
1.20 Weather.
1.25 Close.

BBC2

8.35 Open University. 12.00 Around Westminster.

12.30 Film: Nickelodeon. Comedy, starring Ryan O'Neal and Burt Reynolds with Tatum O'Neal and Stella Stevens (1976).
2.25 Discovering Menorca.
2.50 Giovanna D'Arco. Verdi's opera, based on the story of Joan of Arc. Directed by German film-maker Werner Herzog, with Susan Dunn in the title role. Performance is conducted by Riccardo Chailly.
5.00 Rugby Special. Gloucester v Northampton, in a top of Division One battle. Presented by Chris Rea.
6.00 The Real McCoy.
6.35 The Money Programme. Would independence for Scotland hurt business and the economy? Rory Cellan-Jones investigates how much North Sea oil Scotland would be entitled to if it won independence. Scottish economist Professor David Bell of Stirling University says his country could survive on its own, but might be dangerously dependent on North Sea oil. The programme talks to leading business figures on both sides of the independence debate and also provides a guide to the battle of statistics which the parties are going to be trading during the campaign.
7.15 The Natural World. Exploring the remote interior of New Guinea, from vast tropical rainforests to snow-capped scenery.
8.05 Follow the Money. Can the bad image of high street banks be improved? *They are supposed to* be helpful, but people often describe them as bullying, pompous and greedy. Follow the Money examines the unique features of British banking, comparing it with the American system, where banking is organised to benefit everybody. Last in series.
9.05 The British Academy Awards. Clive Anderson and Emma Freud host the annual celebration of the TV and film industry's backstage talents. From the Theatre Royal, Bristol.
10.05 Screen Two: Utz. Film based on Bruce Chatwin's celebrated novel. Starring Armin Mueller-Stahl and Brenda Fricker.
11.40 Tin Machine: Live (at The Docks, Hamburg).
12.40 Def II: Rapido.
1.15 Close.

LWT

6.00 TV-am. 9.25 Disney's DTV Romancin'. 10.20 The Littlest Hobo. 10.45 Link. 11.00 Meditations. *12.00 Visions. Do Christian and Moslem groups have any influence on the way people vote?* MPs David Allan, Clare Short and Andrew McKay offer their views. Plus, how will Scottish churches be able to help victims of the Ravenscraig steel mill closure?

12.30 pm LWT News Weekend. 12.55 LWT Weather.
1.00 ITN News; Weather.
1.10 Walden. Brian Walden interviews Alex Salmond, leader of the Scottish National Party, in the first of four election specials in the run-up to April 9; **The Day.**
2.00 Sharp's Funday!
2.50 Dinosaurs.
3.20 The Match. *Manchester City* v Southampton, live from Maine Road.
5.20 The World's Greatest Stunts Live!
6.00 Hannah Hauxwell — Innocent Abroad. Hannah crosses into Italy to sample the delights of Rome and Florence — in a downpour. *She meets people who live off the* land as she once did, and has an argument about animal rights in Siena.
6.30 ITN News; Weather.
6.35 LWT News; Weather.
6.40 Appeal. Claire Rayner appeals on behalf of SANDS (Stillbirth and Neo-Natal Death Society).
6.45 Highway. Sir Harry visits Christchurch Cathedral, Dublin, as the Irish prepare for St Patrick's Day.
7.15 You've Been Framed!
7.45 Forever Green. After the incident with the wild boar, Hilly is temporarily homeless, so she and her animals move into the Boults' house. Starring Pauline Collins and John Alderton.
8.45 Maigret. Last in series.
9.45 ITN News; Weather.
10.00 LWT Weather.
10.05 Special Inquiry. As election fever takes hold, Donald MacCormick presents a studio debate on the *likely outcome on April 9. With a nationwide poll revealing* that many people are still 'floating voters', campaign chiefs from the main parties say how they hope to win the votes of the 'don't knows'.
11.10 The Chieftains and Guests.
12.15 Cue the Music.
1.15 Extreme East.
1.45 The ITV Chart Show.
2.45 Film: Good Against Evil(1977).
4.20 Pick of the Week.
4.50 Out of Limits.
5.05 Soap.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 Dispatches. *10.45 Dennis. 11.00 D'Art. 11.30 Flipper.* 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.
1.55 Film: Diane. On the eve of his wedding to an Italian princess, a king's son falls in love with a glamorous French countess. Starring *Lana Turner and Roger* Moore (1955).
4.00 Big World Animators.
4.25 Citizen 2000. Following the lives and development of 20 children over a period of 18 years. All born in Britain, they come from a wide range of social, economic and ethnic backgrounds.
4.55 News.
5.00 The Sun and the Serpent. A journey of detection by Hamish Miller and Paul Broadhurst to locate the lines of Earth energy, known as the Michael Current.
5.30 Star Chamber. Gillian Shepherd MP fields questions both taxing *and trivial.*
6.00 Press Gang.
6.30 The Wonder Years.
7.00 Fragile Earth: The Secret City. Examining the former Soviet Union's first nuclear bomb factory. In a remote area is a city which officially doesn't exist. For the first time, doctors and scientists, forced until now to work in secrecy, share their knowledge of the most radioactive place on Earth.
8.00 Return of the Musk Ox.
8.30 Childhood. Between the ages of six months and three years, there is almost daily evidence of rapid development in a child's brain and body. This programme shows how critical the interactions between child and parents are in fuelling the process.
9.30 Burning Books. Reviews of Dirk Bogarde's Jericho; City Ablaze by Martin Lloyd-Elliot; and Mari*lyn French's new book, The War* Against Women.
10.00 Film: Two-Way Stretch. Classic prison comedy. Three convicts break out of prison to rob a maharajah. Peter Sellers stars with Lionel Jeffries (1960).
11.40 Big World Animators.
12.00 Film: The Night of St Lawrence. Fact-based drama, about the threatened destruction of an Italian town by Nazi soldiers. Starring Margarita Lozano. (1981).(English subtitles).
2.00 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-
ANGLIA:
9.25 The Parent Trap III. 12.25 Goals Galore. 12.55 Anglia News. 2.00 The Spectacular World of Guinness Records. 2.25 Highway to Heaven. 5.30 Regent's Park. 6.35 Anglia News.
BORDER:
12.30 Conference Report. 12.55 Border News. 2.00 The History of Steam. 2.50 Bullseye. 5.30 Scotsport. 6.35 Border News. 10.35 Magnum. 11.35 Prisoner: Cell Block H.
CENTRAL:
9.25 The Parent Trap III. 12.30 Gardening Time. 2.00 Lacy and the Mississippi Queen. 5.30 Dinosaurs. 6.35 Central News. 10.35 Magnum. 11.35 Dangerous Women.
CHANNEL:
9.25 The Parent Trap III. 12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Journal. 2.00 Climb to Kilimanjaro. 2.30 Cartoon *Time. 5.30 Tell the Truth. 6.35 Channel News.* 10.35 Kojak.
GRAMPIAN:
9.25 The Parent Trap III. 10.45 Pick a Number. 11.15 Sunday Service. 11.45 Link. 12.30 Conference Report. 2.00 Triumph of the Nomads. 3.00 Hard Time on Planet Earth. 4.00 Country Matters. 4.30 Bullseye. 5.00 Scotsport. 6.35 Grampian Headlines. 10.35 Prisoner: Cell Block H. 11.35 Country in Concert.
GRANADA:
12.25 Granada This Week. 12.55 Granada News 2.00 Hannah Hauxwell — Innocent Abroad. 2.30 Cartoon Time. 2.45 Bullseye. 5.30 Coronation Street. 6.35 Granada News 10.35 Magnum. 11.30 Prisoner: Cell Block H.
HTV:
9.25 The Parent Trap III. 12.30 Farming Wales. 12.55 HTV News. 2.00 HTV Newsweek. 2.30 *Planning the Small Garden. 5.30 From the* Brink. 6.35 HTV News.
SCOTTISH:
9.25 The Parent Trap III. 10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Sunday Service. 12.30 Conference Report. 12.55 Scotland Today 2.00 Coming of Age. 2.30 Cartoon. 2.40 The Trouble with Harry. 4.30 Bullseye. 5.00 Scotsport. 6.35 Scotland Today 10.35 Watch the Birdie ~ Scenes from an English Calendar. 11.35 Taxi.
TSW:
9.25 The Parent Trap III. 12.30 TSW Farming Week. 12.55 TSW News. 2.00 Off the Hook! 2.30 Gus Honeybun's Magic Birthdays 2.50 In Their Element. 5.30 Village Green. 6.35 TSW News. 11.35 Kojak.
TVS:
9.25 The Parent Trap III. 12.30 TVS News. 12.33 *Agenda. 2.00 Climb to Kilimanjaro.* 2.30 Cartoon.Time. 5.30 Tell the Truth. 6.35 TVS News. 10.35 Kojak.
TYNE TEES:
9.25 The Parent Trap III. 12.25 The Intruders. 12.55 Regional News. 2.00 Around the World with Peter Ustinov. 2.20 Dinosaurs. 2.50 The Back Page. 5.30 Bullseye. 6.35 Regional News. 10.35 Video Arts Interprom. 11.35 Prisoner: Cell Block H.
ULSTER:
12.30 Gardening Time. 12.55 Ulster News 2.00 Hannah Hauxwell — Innocent Abroad. 2.30 Farming Ulster. 2.50 Bullseye. 5.30 Coronation Street. 6.35 Ulster Newstime. 10.00 Ulster Newstime. 10.35 The Law and Harry McGraw. 11.33 Ulster Newstime.

RADIO

SATURDAY

BBC RADIO 2
7.00 Don MacLean. 9.05 John Sachs. 11.00 Wired for Sound: The Cliff Richard Story. 12.00 The Vintage Years. 12.01 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Victor Sylvester Orchestra. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.05 Gyles Brandreth. 1.00 Andrew Lane. 4.00 Steve Madden.

BBC RADIO 3
6.55 Weather.
7.00 Morning Concert.
8.30 News.
8.35 A Land with Music.
9.15 Maurizio Pollini.
10.15 Music Weekly.
11.00 From the Proms 1991.
12.25 Peter Maxwell Davies.
12.45 Replay.
1.00 News.
1.05 Your Concert Choice.
2.30 Felicity Lott.
4.05 Post of the Month.
4.15 Ulster Orchestra.
5.15 Listening To.
6.00 Towards the Millennium.
7.00 BBC Scottish Symphony Orchestra.
7.30 Sunday Play.
8.45 *Beethoven and* Schoenberg.
10.15 Barshai Conducts.
11.05 Bernard D'Ascoli.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 *Morning Has Broken.*
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.00 News.
8.10 Sunday Papers.
8.30 Jonathan Miller.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
1.55 Shipping Forecast.
2.00 Gardeners' *Question* Time.
2.30 Globe Theatre.
3.30 The Radio Programme.
4.00 Analysis.
4.47 Missions Improbable.
5.00 Down Your Way.
5.40 Lines of Communication.
6.00 News.
6.15 Feedback.
6.30 Europhile.
7.00 Africa: Deadline for the Dark Continent.
7.30 Bookshelf.
8.00 Punters.
8.40 Reading Aloud.
9.00 The Natural History *Programme.*
10.00 News.
10.15 Paella on Sundays.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News.
12.33 Shipping Forecast.
12.44 (FM) Close.
12.44 (LW) As World Service.

BBC RADIO 5
6.00 Newsdesk.
6.30 Meridian Reports.
7.00 News and 24 Hours.
7.30 Sunday Edition.
9.00 Johnnie Walker.
10.30 Education Matters.
11.00 Learn to Earn.
11.30 Up and Away.
12.05 Ring a Winner.
1.40 Open University: Open Forum.
2.00 And Now Read On.
2.30 They Think It's All Over.
3.00 Football Extra.
5.00 Sport's Bulletin.
5.15 Bob Hatton Rattle.
6.05 Mission Investigates.
6.30 James and the Giant Peach.
7.00 Sports Bulletin.
7.10 Open University.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; News About Britain. 6.15 Letter From America. 6.30 Londres Matin. 7.00 Newsdesk. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith. 8.15 Music With Matthew. 9.00 News; Business Review. 9.15 Short Story: Payday. 9.30 Folk in Britain. 9.45 Sports Round-up. 10.00 News Summary; Science in Action. 10.30 In Praise of God. 11.00 Newsdesk. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Play of the Week: Lost For Words.
1.00 Newshour. 2.00 News Summary. 2.01 It's Your World With Eastern European Leaders. 3.00 News. 3.15 Concert Hall. 4.00 News; News About Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features.
5.00 News and Business Review. 5.15 Club 648. 5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary; News in German. 6.40 German Features. 7.54 News in German. 8.00 News and Business Review.
8.15 Londres Derniere. 8.30 Europe Tonight. 9.00 Newshour. 10.00 News. 10.15 Meridian. 10.45 Sports Roundup. 11.00 News; Business Review. 11.15 Music With Matthew. 12.00 Newsdesk.
12.30 In Praise of God. 1.00 News Summary. 1.01 Classic Concerts. 1.45 Mastersingers. 2.00 Newsdesk. 2.30 Composer of the Month: Richard Strauss. 3.00 News; Words of Faith. 3.09 *Words of Faith.* 3.15 Sports Roundup. 3.30 Anything Goes. 4.00 News. 4.15 Lent Observed. 4.30 The Week Ahead; Travel.

SUNDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Gyles Brandreth. 1.00 Educating Archie. 1.30 The News Huddlines. 2.00 Ronnie Hilton. 3.00 Steve Race.
4.00 Bob Sinfield. 5.00 Cinema 2. 5.30 Singers at the Movies. 6.00 Things are Swinging! 7.00 On the Air. 7.30 Mervin Hamlisch in Concert. 9.30 Easy Does It. 10.00 The Arts Programme. 12.05 Judy Garland. 12.35 Night Ride. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.55 *Weather and News* Headlines.
7.00 Morning Concert.
8.30 News.
8.35 Scarlatti, Schumann and Debussy.
9.30 Saturday Review.
12.55 Words.
1.00 News.
1.05 Garrick Ohlsson.
2.05 Rafael Kubelik.
4.00 Clara Schumann.
4.30 Jazz Record Requests.
5.15 Third Opinion.
6.00 Live from the *Met* Don Carlo.
10.35 Tuning Up.
11.35 Triple Concerto.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 *Breakaway.*
10.00 Loose Ends.
11.00 The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 The News Quiz.
1.00 News.
1.10 *Any Questions?*
1.55 Shipping Forecast.
2.00 Any Answers?
2.30 Saturday Playhouse.
4.00 Age to Age.
5.00 Costing the Earth.
5.25 Fourth Column.
5.50 Shipping Forecast.
6.00 News.
6.25 Week Ending.
6.50 Stop the Week.
7.20 Kaleidoscope.
7.50 Classic Serial.
8.50 Conversation Piece.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Open Mind.
10.45 Travels with Mrs T.
11.00 Richard Baker Compares Notes.
11.30 Lip Service.
12.00 News.

BBC RADIO 5
6.00 World Service.
6.30 Saturday Edition.
9.00 On Your Marks.
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport On 5.
5.00 Sports Report.
6.05 Danny Baker at Six-O-Six.
7.30 Le Top.
9.00 Afropop Worldwide.
10.00 Cricket World Cup.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; News About Britain. 6.15 The World Today. 6.30 Londres Matin. 7.00 Newsdesk. 7.30 People and Politics. 8.00 News; Words of Faith. 8.15 A Jolly Good Show. 9.00 News; Business Report; Worldbrief. 9.30 Personal View.
9.45 Sports Roundup. 10.00 News Summary; Jazz Now And Then. 10.15 Letter From America. 10.30 Waveguide. 10.40 Book Choice. 10.45 From The Weeklies. 11.00 Newsdesk.
11.30 Londres Midi. 11.45 *Mittagsmagazin.* 12.00 News; News About Britain. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld.
3.00 News; Sportsworld continued. 4.00 News; News about Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features.
5.00 News Summary; Sportsworld: Final results. 5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary. 6.30 Heute Aktuell. 7.00 German *Features.* 7.54 *News in* German.
8.00 News; Book Choice. 8.15 Londres Derniere. 8.30 Europe This Weekend. 9.00 Newshour. 10.00 News. 10.15 Meridian. 10.45 Sports Roundup. 11.00 News; Words of Faith; Book Choice. 11.15 *A Jolly Good Show.*
12.00 Newsdesk. 12.30 Play Of The Week: Lost For Words. 2.00 Newsdesk. 2.30 Talk About the Weather. 3.00 News; Words Of Faith. 3.15 Sports Roundup.
3.30 From Our Own Correspondent. 3.50 Write On. 4.00 News. 4.15 Oratory. 4.30 Business Review; Travel. 4.45 News and press *review* in German.

CHESS

EVERY strong grandmaster hopes for an invitation to the elite tournaments where Kasparov and Karpov take on their closest rivals. Tilburg in Netherlands, Reggio Emilia in Italy and now Linares in Spain have all had average ratings above 2,650 and are the three strongest events since official categories began 20 years ago.

Alexei Shirov, 19, Latvia's world no 7, has declared his ambition to challenge Kasparov and meets the champion at the next elite contest at Dortmund in April. Meanwhile Shirov has won all his German league games by brilliant attacks. His laconic comment at move 14 below was "I try to mate him" (A Shirov, White; J Smejkal, Black; Grunfeld Defence; Bundesliga 1992).

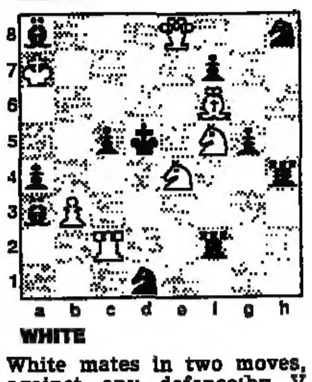
1 d4 Nf6 2 c4 g6 3 Nc3 d5 4 cxd5 Nxd5 5 e4 Nxc3 6 bxc3 Bg7 7 Bb5+. A surprise deviation from Shirov's speciality 7 Bc4. c6 8 Ba4 0-0 9 Ne2 e5? This advance weakens the BK's defences. A critical line is 9 . . . c5 when if 10 Ba3 cxd4 11 cxd4 Qa5+ 12 Kf1 b5 13 Bb3 Qxa3 14 Bd5 Nc6 15 Bxc6 Rb8 and Black has the edge.

12 Bb3 Nb6 13 f4! Treating the solid Grunfeld like an old-style King's Gambit, White offers three pawns. exd4 14 f5! gxf5 15 Ng3 dxc3? Shocked by White's cavalier approach, Black was already down to 10 minutes for 24 moves. Here 15 . . . Qh4! is unclear.

16 Qh5 Nc4 17 Rad1 Qb6+ 18 Kh1 Qb5 19 Nxf5 Bxf5 20 Rxf5 Ne5 21 Bxf7+ Nxf7 22 Qxf7+ Resigns. Black's ramshackle defence has simply lost his queen.

CHESS No 914

BLACK



WHITE

White mates in two moves, against any defence(by V Udartsev, 1979). Two movers are sometimes easy, but 75 per cent of finalists in a British Solving Championship got this wrong in the seven minutes allowed. Can you do better?

Solution Page XXII

Leonard Barden

BRIDGE

I REMEMBER writing in my Tackle Bridge This Way that the weak player's overbids at the two-level kept the good player in smoked salmon and silk shirts for at least a quarter of a century. Here is a hand from a high class duplicate pairs competition which shows that this bidding fault still persists even among players who should know better:

	N	
	♠ 10 9 8 5	
	♥ J 10 6 3	
	♦ 6 2	
	♣ Q 5 3	
W		E
♠ A Q 7 4		♠ 6 3
♥ Q 2		♥ A K 9 8 5
♦ J 8 3		♦ Q 10
♣ A K J 8		♣ 10 6 4 2
	S	
	♠ K J 2	
	♥ 7 4	
	♦ A K 9 7 5 4	
	♣ 9 7	

Sitting in the West seat, I was dealer and opened the bidding with one club. North passed, my favourite partner, Lewis Ellison, replied with one heart and South over-called with two diamonds. I doubled. What, you say, with only three trumps? I would have preferred four, but I have had many successes with three trumps to the knave. Besides, these puff-pastry doubles can be taken out by one's partner, if his hand is unsuitable. But with two honours East was happy to pass.

Against the doubled contract I led the heart queen, and continued with the two to dummy's 10 and East's king. East led the spade six – an essential switch – I cashed queen and ace, and my partner ruffed the next spade. He returned the club two – this showed me that it was safe to cash king and ace – and I switched back to my last spade. East ruffed with the diamond queen, South overruffed, but the uppercut had given me two more tricks in trumps. That was four down vulnerable – a penalty of 1,100 points, which was a nice top. Excellent defence by my partner, *and I did not do too badly.*

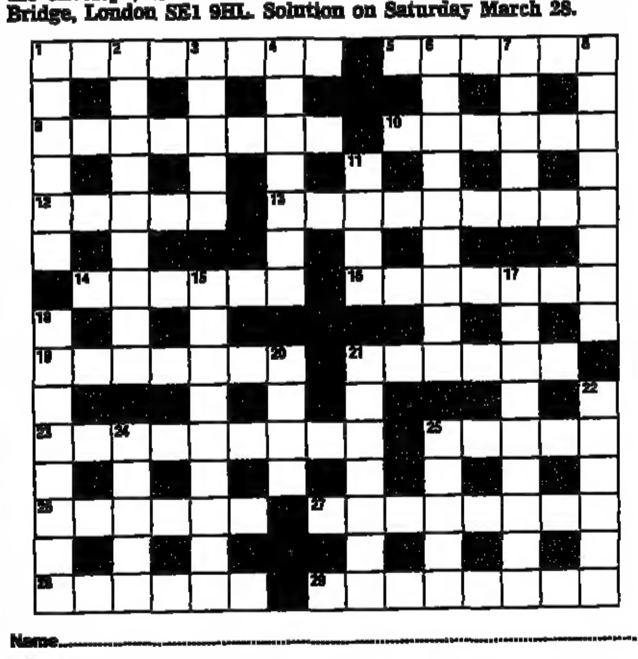
E P C Cotter

■ E.P.C Cotter will host a bridge weekend for FT readers on Lake Geneva over the weekend of April 25 and 26. For details, see advertisement on opposite page.

CROSSWORD

No. 7,798 Set by DINMUTZ

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday March 25, marked Crossword 7,798 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday March 28.



Name...

Address...

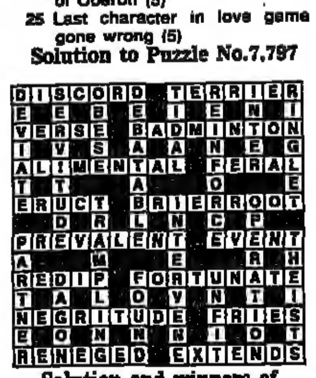
ACROSS

1 Queen, perhaps, to deal with racing programme (4-4)
5 Where, in Gloucestershire, Tudors were overthrown (6)
9 A knock with a garden-tool leaves red skin, we are told (8)
10 Wrap giving quarter heat, possibly? (6)
12 *Graduated sovereign (5)*
13 Feel blue? Try to come out of it! (9)
14 Increment for a riser (4-2)
16 Rough rhyme of the Dorcas? (7)
19 Tricky to prove, the more complex it is (7)
21 Not settled, like 12? (6)
23 Swimmer guided by George?, (5-4)
25 Neat look of a daisy (2-3)
26 Dined at pub? That's natural (6)
27 Group in concert (8)
28 Magazine shows deficit, within limits of guaranty (6)
29 *Announcer with lines about* carrying arms (8)

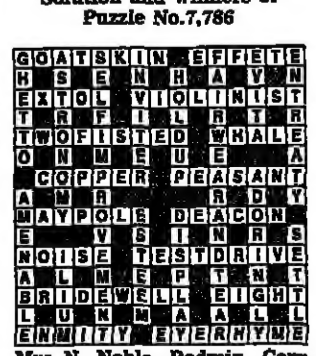
DOWN

1 If race is abandoned, take a four-wheeled carriage (6)
2 A Brontë rising and so forth, taking in the baggage (8)
3 Something held in Oxford companion to music (5)
4 Highest position of showy violinist? (7)
6 Moving south? No, we have a terraced dwelling here (4-5)
7 Go one better in picnic? (5)
8 Low quality of crafty head (8)
11 This dialect sound an impediment? (4)
15 Patriot is suffering mumps (9)
17 Home of the native? (6-3)
18 Sunday absolutely fine for playing the violin! (8)
20 Post for mother – one approaching fifty (4)
21 Send crazy – leaving bracket behind, we hear? (7)
22 Cure for rapid eye movements? Dye, surprisingly! (6)
24 Slow and fast time in opening of Oberon (5)
25 Last character in love game gone wrong (5)

Solution to Puzzle No.7,797



Solution and winners of Puzzle No.7,786



Mrs N. Noble, Bodmin, Cornwall; B.S. Crowther, Stockport, Lancs; S. Dunning, Blanefield, Glasgow; Mrs R. Harvey, Elie Leven, Fife; Barbara Herold, Sedlescombe, E. Sussex; O.J. Saint, Auckland, New Zealand.

Dispatches

Slovenia's capital new slogan

IT IS a busy morning on what used to be Tito street. Although they have not changed the road signs yet, Ljubljana's main boulevard is now called Slovenska cesta, after the Slovene people who have always used it – even when this was officially part of Yugoslavia and not the capital of the independent republic of Slovenia.

But for some Slovenes, loth as they would be to admit it, times were better under Tito.

In Number 35, Slovenska cesta, for example – part of a blockish grey office building of early Communist vintage – the Ljubljana tourist office is scraping along. This is not high season, but the woman behind the counter is wondering if there will be a high season worth the name this year. "Maybe April," she says with a raised eyebrow. "Maybe Americans."

Americans – that is, those Americans who cancel visits to Europe at the slightest whiff of trouble anywhere from Iceland to the Urals – are probably the last tourists who will want to mingle with the locals on Slovenska cesta.

As a member of artificially stable Communist Yugoslavia, Slovenia benefited from being part of one of the old eastern bloc's most popular holiday destinations. But now, if potential tourists know where Slovenia is, they also know that it borders Croatia and for most outsiders Croatia stands for civil war.

Never mind that the battle for Slovenia lasted only 10 days last summer, and ended with the complete withdrawal of Yugoslav forces. Slovenia and Croatia have been linked in newspaper headlines for too long for the country to shake off the stigma of being a war-zone.

War-zone this is not. On the roads north-west from Ljubljana towards the border with Austria, the picturesque lakeside town of Bled, and Slovenia's best skiing, each bridge sprouts a cluster of heavy concrete pyramid-shaped tank-traps. They are the only reminder that less than a year ago Slovenia was fighting for independence.

Elsewhere, it is the trappings of independence which are more noticeable.

Start the Slovene publicity machine and it is difficult to shut it off. Slovenia already has a slogan – "A new state on the sunny side of the Alps" – a promotional emblem (a small green leaf), and more and glossier brochures than many better-established states.

Since recognition of Slovenia in January, Ljubljana airport has reopened, the smart national airline, Adria – which lost part of its modern fleet to enemy attacks on the airport – has restarted direct flights, and the first British package tour since independence has been welcomed back to the country, a sure sign of returning international confidence.

But progress is likely to be slow. In Ljubljana – unlike Salzburg, which it most resembles – or Paris, there are few off-season foreign visitors on weekend breaks. There are no takers for the shiny new Slovene souvenirs sold on the triple-bridge which crosses the Ljubljanica river into the old town. Behind the smart pastel facades, the cafes, galleries and boutiques which hug the castle hill on the other side of the river are almost deserted and the cashiers in the banks still seem surprised to have to deal with foreigners wanting to exchange their D-Marks for new Slovene tolars.

And even when the information ministry's enthusiastically peddled message gets through to the outside world, there are doubts about the effect it will have. Jure Zerovec wonders whether coachloads of Americans will really want to add tiny Ljubljana to their list of ten European capital cities to see in as many days.

In the dimly-lit bar of the Hotel Turist – 260 beds, perhaps a dozen guests, no tourists – the barman and a handful of businessmen, mostly Slovenes, are watching in silence a television report about the first foreign airline, Swissair, to fly into Ljubljana airport since before last July's war.

For a moment, Ljubljana's very inaccessibility – only two flights a week from London and Paris instead of 20, and a blissful dearth of coach parties – seems enticing. On the aircraft out two days later, the Slovene in the seat next to me suggests, tongue in cheek, a new slogan for her capital: Salzburg without the tourists. It could be a short-lived attraction.

Andrew Hill

Private View/**Christian Tyler**

The girl who would not forget Hitler

SEVERAL THOUSAND neo-Nazis, from Germany, Austria and further afield, were descending on Passau today for the annual convention in the town's Nibelung Hall of the far-right *Deutsche Volksunion*.

Passau is a beautiful place, situated on Bavaria's eastern border at the point where the Inn and Danube rivers meet. These visitors, however, are not here for the beer. They have come to whip up persecution of Germany's foreign workers and refugees, to give *sieg-heil* salutes and to demand racial purity in a reunited fatherland.

Their choice of Passau, a placid, bourgeois, Catholic and conservative community with a tradition of anti-semitism, is not accidental.

Adolf Hitler loved the place. He was born 30km away at Braunau on the Austrian bank of the Inn. He lived in Passau as a small child (and narrowly escaped drowning). His first serious backer was the local brewing magnate. The bishop, too, welcomed him, hanging the Nazi banner in the cathedral. Heinrich Himmler lived here; his father taught at the high school. Adolf Eichmann and Ernst Kaltenbrunner came here to organise the *Anschluss*.

There were three concentration camps in the town. In the last hours of the war, some 5,000 slave workers, mainly Russian, Polish and Czech prisoners producing V-2 rockets deep inside the cliff on the Danube's northern bank, were marched out to slaughter: their genitals were shot or sliced off and then they were buried alive.

All this, Passau forgot.

Then, nearly 40 years later, an innocent schoolgirl from a well-connected family started asking questions.

Anna Elisabeth Rosmus is an unlikely-looking Nemesis. She is short and plump, with a round face, small hands and tumbling blonde hair. This is the girl who single-handed, and ignoring threats to her life, exploded the post-war conspiracy of silence that had allowed prominent Passau Nazis to disguise themselves as former resistance men and remain community leaders.

Rosmus forced her fellow-citizens to confront their own ugly past – in the process Germans call, with understandable awkwardness, *Vergangenheitsbewältigung*.

I picked my way past roller skates and children's bicycles scattered outside a bungalow on the edge of the town. I found Anja (as she is usually called) wearing a pair of fake-fur tiger slippers. There were tigers on the wall, too, along with prizes awarded for her books and articles.

"I love tigers," she said. "They have strength and energy, but contained. Like a cat."

Are neo-Nazis really such a threat? I asked. They are few in number, mostly young and ill-educated. "We had the same question in the Twenties," she replied. "Everybody here said it was crazy to think about these people. We have a saying: if a dog is barking he cannot bite. These people are interested in making trouble and a few are serious criminals.

"But the main problem is those who listen to them, not real fascists but the conservative and silent majority – people who are little bit lazy, who don't use their intelligence. It is so easy to say: 'If there is only one solution, let's adopt it!'"

But the neo-Nazis have no political power, I objected.

"Not for the moment. In '25 and '26, the Nazis had no political power."

But wouldn't there have to be a very serious economic collapse in Germany for these people to win power?

"I don't think it has to be a real economic disaster; I think it would be enough if people have the impression of a serious problem."

A third of workers in the former GDR were going to lose their jobs, she said. They were in the same situation as in the Twenties. Many West Germans were afraid of unemployment, too.

Rosmus accuses the media of creating the impression that foreign workers and refugees are taking all the spare jobs and houses. The politicians were veering to the right in order to win the growing racist vote. And the Bavarian government was hypocritical: it was recruiting Poles for cheap farm labour but trying to keep quiet about their presence.

I asked her whether the German constitution should be changed to make it easier to identify *bona fide* refugees. Wasn't it dangerous for any society to admit a sudden wave of outsiders?

"I see this problem, but I don't think it should be solved by giving away the constitution. The problem could easily be managed if the time between arrival and the asylum hearing was shortened." (At present it can take two or three years.)

Twelve years ago, at the age of 20, Anja became the town's golden girl when she won a national essay prize on the subject of freedom in Europe. The bishop, a friend of the family, brought her flowers and the mayor gave her a silver medal. The following year she came third. This time the subject was "My home town, 1933-39."

Researching her second essay, she found the leaders of her community curiously forgetful. What they said did not accord with scraps she had heard at the family dinner table. But by now she was married to Manfred, her high school teacher, and they had a daughter, Nadine. She had no reason to persist.

Yet she did persist. She contacted Jewish survivors (though not Jewish herself), so adding emotional engagement to intellectual curiosity. She started a book, sued the municipality for access to the files, was sued in turn, and began to unmask some pillars of the Passau establishment. Word spread, and Michael Verhoeven, a film-maker from Munich, transferred her story to celluloid.

Her marriage broke up. She was spat on and attacked in the street. She was under guard in hospital for the birth of her second daughter, Salome, following a death threat. A restaurant in Munich where she had spoken was smashed to bits – the gang got the wrong date. Insults, of which "Jewish whore" was the least, were left on her telephone. Her letters were mysteriously intercepted. She was suspended from the university for four years.

'If I had been 20 years older I would not have done it. For the first few years it was a terrible experience'

Things have abated for Passau's avenging angel, but she still gets threatening calls and she dare not go out alone at night.

Rosmus had explained why Passau, because of its isolation and Catholic reverence for authority, was so vulnerable to Nazi xenophobia and remained so ambivalent about Hitler's defeat. But I still did not understand why she had done it. So I took her to dinner, accompanied by Salome, now 7, who fell asleep over a pizza in her Shrove Tuesday carnival outfit. The pair were delivered and collected by Anja's fast-driving mother.

Why were you different? I asked. You grew up here, too.

"Well, it's a good question. In my youth I wasn't different from the rest. There's one little reason: my father (a teacher and magistrate) is a refugee from Silesia and even though he's quite well known here and in the Bavarian ministries, he is never regarded as one of us. He is respected, but he is a guest. I noticed this.

"He is the most typical German employee. He strictly fulfils whatever he is ordered to do. He is an extremely correct person. From him I learned a strict feeling for justice.

"On the other hand, there is the whole family of my mother. They were extremely active in the Catholic church. They are religious not out of tradition, but because they believe in Christian ethics." She described how her mother and his brother (now a monsignor) as teenagers in 1943 went from house to house with a petition against the deportation of an outspoken priest.

"So from this side I have the feeling you have to support anybody who needs it. Even if I am not at all religious anymore, the ethics I accept."

You must be more than a bit obstinate, I said.

"Even as a little child I made difficulties in the school. I was a good pupil but if there was something against justice in the class I stood up and complained. So, since my earliest childhood I stood up, a bit like my mother did."

Her marriage folded because her husband came from a conservative family. They were small farmers, she said, who had borrowed money from a Jew and were absolved the debt by one of Hitler's edicts.

So your husband disagreed with what you were doing?

"Yes, extremely. How could you dig up these things? How could you be friends with the Jews? When a survivor came to the house he left. He could not accept a Jew in his house. And I could not accept his keeping silence."

You must admit, looking at it from his point of view, that it was very difficult.

"Yes, yes. It was for both sides. I think my point of view is the right one. But I accept it was a problem for me, a problem for him."

Do you have a feeling of pride in what you do?

"No, not at all."

Perhaps you enjoy the attention?

"No. No. That is a bit strange. It is also a consequence of my father's education."

Don't you wonder if you are not yourself a bit crazy to spend so much of your life and energy on this thing?

"No. Because the more I am working the more I meet survivors; and this is the reason for me to go on. These are victims, suffering victims, people from former times but still suffering now in our day. And the next generation has it, too. When our parents and families are destroyed, we are not complete.

"Really, justice, personal freedom are the centre of my identity. I love these more than this broken marriage."

Perhaps you are too intolerant, I said. Passau may be particularly bad, but all over Germany there are millions of people who were Nazi sympathisers.

"Yes, sure. But I don't have problems with these ordinary people."

Who are your targets then?

"I am interested in the real guilty person, a man who had power and who abused this power, who is personally responsible for thousands and thousands of murdered people. We have such a person living here in my neighbourhood." (She mentioned a name).

As the old Nazis die out, Anja Rosmus is coming to the end of a phase. She wants to complete her degree in sociology, do a doctorate at Passau University (if they will accept her) then teach and research on race discrimination and xenophobia.

I asked her what she would do if she had to switch careers entirely. "Be a journalist!", she said, without hesitation.

"If I had been 20 years older I would not have done it. For the first few years it was a terrible experience. I didn't know what was to come, but I would not have done different even if I did. If others spoke out, I wouldn't have to."

It takes a particular kind of selfish courage to practise Anja Rosmus's brand of altruism. Even if she herself has become used to the isolation and the threats, her career has upset the lives of her parents and children.

Yet if in a democratic age citizens will not speak out for fear their own flesh and blood will suffer, who will speak when tyranny takes over? There are no more concentration camps in Passau to frighten dissenters like Rosmus. But then there were none in the Twenties, either.

Anja Rosmus with her home town cathedral of Passau in the background

Heaven and Hell

The fishing was diabolical

***Hugh Dickinson**, Dean of Salisbury Cathedral, concludes the series*

"OH HELL!" I said. The rain was horizontal wire. The boat dipped in the steep waves whipped up across the loch by a September storm. Mackay tugged at his oars. Suddenly, after four hours of fruitless flogging with my rod, I was into a fine sea trout. It leapt gleaming into the air. The line went slack. I had lost it. I was 16 years old and the saddest youth on earth. I had known heaven and hell in 30 seconds. Mackay made no comment, but as we trudged back through the driving mist to the House three miles away he told me a story. I wish I could reproduce the rolling "rs" and Highland lilt.

"There was this fine gentleman, lad, who loved his fishing. Spent all his spare cash and some more; trout, salmon, pike, bass, sharks. A famous angler he was. Not that his wife or his bairns saw much of him. But his picture was in all the sporting papers. And then he died. Died with a rod in his hand and a trout on the line.

"Well, lad, he arrived on the Other Side and was greeted by a Shining One who welcomed him warmly. Shook his hand too. 'Ah, Mr Johnson, we've been expecting you. What'd you like to be doing then?' 'What? Can I choose?' 'Well, of course you can. That is what this place is for.'

"So naturally our Mr Johnson asked if he could fish. Indeed he could. Finest salmon river you've ever seen. Finest tackle. Finest weather. Water just right. More flies than you'll see in your Natural History Museum. So he set up his rod, our Mr Johnson, and started to fish. And first cast – wham into a 10lb salmon. In 20 minutes it was in the net and on the bank. What a river. And would you believe it, next cast just the same. And the next. Come noon he'd ten great salmon salmon, as like as peas in a pod, all lined up on the bank.

"So our Mr Johnson, he's mighty pleased with himself now isn't he? It's been a good morning. Time for a dram and his sandwiches maybe. So he starts back up the bank to the fishing lodge. On the way he meets the Shining One. 'Now,' says the Heavenly Being, 'Where d'you think you're off?'

"'Well,' says our Mr Johnson, pleased as pleased can be, 'had a wonderful morning. Ten 30lb salmon. What d'you think of that? Thought I'd knock off for a bite of lunch and a drink. Don't want to spoil it, eh, by overdoing it.'

"'Sorry about that,' says the Angel 'but I'm afraid you can't stop. You just get back over that river and carry on catching salmon. For ever and ever. Where do you think you are – in Heaven?'"

The trouble is, it does not add up. Heaven and Hell have inbuilt illogicalities. Here and now we get glimpses of both. "Hell is other people," says Camus. "Heaven is other people," say I. I spent some time the other day studying a splendid Doom painting sprawled across the chancel of a local church.

I do not know if it really did persuade the Wiltshire yokels of the 14th century to mend their ways. Frankly I rather doubt it. I certainly do not want to join the queue of po-faced bishops and skinny noble ladies being welcomed into Heaven by a supercilious St Peter.

The gory activities on the Hell-side of the arch are much more interesting. The Devils are the only people hugely enjoying themselves, stoking eternal fires with terrified humanity. Hell is clearly Heaven to them. But an eternity of sado-masochism is hardly my recipe for a believable heaven or hell. We do such things better on earth.

"Paté de foie gras to the sound of trumpets," decided Sidney Smith. But pity the poor geese. It must have been hell for them. And who pays the trumpeters?

Hell, like fictional villains, is easier to to imagine; after all we see it nightly on our television screens. But Heaven? I knew an elderly Irish aristocrat who was convinced that Heaven was an endless vista of parkland sculpted by an angelic Brown) with woods and hills embowering white Palladian halls. Didn't Jesus say, "In my Father's house are many mansions?" – "Angel! Fancy seeing you here. Isn't He just a *heavenly* Host" But who cooks the meals and dead-heads the roses? I forgot: They never wither do they?

The Heaven we paint is a kaleidoscope of "high" experiences which cannot possibly co-exist in this time space sequence. But are they fragments of light from other realm of being where time runs every which-way and space curls in upon itself like some cosmic mizmaze? Or just sparks from the bonfire of our own humanity? Mondays, Wednesdays and Fridays I think they are just our own sparklers we have lit to keep the night at bay. Tuesdays, Thursdays and Saturdays I think they are the eternal stars. And Sundays? Where does He come into it – if at all?

Well if He exists He must be All-Holy, All-loving and All-Wise. And that means that at some time – Beyond Time – he just has to do some totally mind-boggling work of New Creation that so ravishes the human heart that every human being who has ever lived, whatever horrors and torment they endured will be able to say: "It was worth it for this!"

Now that I cannot imagine. But then, I tell myself, and half believe it: if I had been around 10bn years ago and some passing angel had pointed to the incandescent fires of Alpha Orion and said: "One day that is going to be cheetahs and parakeets and Milton and Bach and Gary Linneker – not to mention Marilyn Monroe" – I would have taken a whopping bet against it – and lost. If, out of *that*, He can make *this*, what can He not make out of this Heaven? I will bet on it. And Hell? That is the place for people who prefer things as they are.

Fiddling the books

Michael Thompson-Noel

WHAT A WEEK this has been, a week whose like we will not see again for . . . several weeks. The Budget. The calling of a UK election. The three-day National Hunt racing festival at Cheltenham. Plus smaller shocks and horrors.

No wonder that I survived the week only by placing myself in the care of GREENGOD-VI, the super-computer program owned by one of my closest friends, Jack Hillbrooke, Europe's richest bookmaker.

Jack was away this week. He is negotiating for the contract to run state lotteries in Piedmont, Lombardy and Emilia Romagna. But when Jack is away I am more than welcome to seek counselling from GREENGOD-VI, who lives in Jack's house in Mayfair.

Tuesday was appalling. I shook and quivered with the pressure of it all, so just before racing started I rang GREENGOD-VI on my mobile phone. GREENGOD-VI was built in North Korea. He was fabulously expensive. Only three people have access to him in any shape or form.

"Hi Mike", he said. "I suppose you're ringing to say you've bet an unwise amount on the horses at Cheltenham and do I know how to get you off the hook."

"Yes and yes", I said.

"You're an idiot, Mike. I've told you repeatedly not to bet on Cheltenham. I suppose you've done a Heinz?"

"Yes", I said. A Heinz is six selections in 57 different bets, none of them singles – just one of the nasty ways grubby bookies rob punters. "I've backed Halkopous,

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Young Pokey, Granville Again, Trapper John, Paco's Boy and Macarthur."

"You're mad."

"I know I am, GREENGOD. What makes it worse is that I've just read the crime figures. The country's awash in crime."

"So why should you worry? I know from police records that you've never been robbed, beaten, wounded, burgled, raped, kidnapped or defrauded."

"That's *exactly* why I'm worried. According to the law of av – –"

"– – Forget the law of averages. One day, it's true, the law of averages is going to sneak up behind you, Michael, and bite your neck, but in the meantime you have far more pressing problems. How much have you bet on Cheltenham?

"I dare not say."

"I can easily find out. While Jack is away I am under instruction to spread dismay and consternation among his rivals. I can read all their records in a fraction of a second. I've sent Ladbroke a virus and put a spell on Coral."

"How will that help me?"

"I'll think about it, Michael. Don't ring me tonight. I'll be analysing the Budget. Don't ring me on Wednesday. I've got an assignment from the White House: how to save George Bush. So ring me on Thursday, after racing's finished."

The week was a nightmare.

On Tuesday I lost all 57 units. On Wednesday I financed another Heinz, and lost 42 units. On Thursday I lost all 57 again. Total loss: 156 units. Disaster faced me; I was halfway down queer street, possibly three-quarters. So I dialled GREENGOD-VI.

"It's me", I said.

"Of course", said GREENGOD-VI. "I've been watching your sorry progress these past three days. You haven't got a clue. Your analysis was badly flawed and your betting strategy exobiologic. (He meant unearthly; he often speaks like that).

"But don't worry, Michael. I have cooked up a scheme to save your skin. Because I can penetrate the computer records of all bookmaking firms, I have established accounts in your name at Ladbroke's, Coral's, Hill's and the Tote.

"You are £3,064.59 in credit at Ladbroke, £17,552.07 at Coral, £11,897.55 at Hill and £32,246.98 at the Tote. That totals £64,761.09, which I plan to launder through the commodity markets in the next 23 hours.

"That will take it to approximately £155,500. This weekend, I will redeposit £64,761.09 in your new betting accounts for your personal use, and reinvest the surplus on Labour to win the election. Your worries are over."

I did not speak for a moment. Something was badly wrong.

"GREENGOD", I said finally. "I am astonishingly grateful for what you have done, but I'd better come and see you, sit with you tonight, we'll listen to some Beethoven, *Moonlight*, *Appassionata*, stuff like that, probably play some Scrabble, discuss the election, anything trivial, the origin of the universe, the future of human sex, something restful, so that you can recover.

"There is something wrong with one of your circuits. If I am £3,064.59 in credit with poor old Ladbroke, £17,552.07 with Coral, £11,897.55 with Hill and £32,246.98 with the Tote, then the total, before you start laundering, is £64,761.19, not £64,761.09. You are 10p out."

GREENGOD-VI was speechless.